

THE MARYLAND GENERAL ASSEMBLY
46TH LEGISLATIVE DISTRICT
BALTIMORE CITY

June 17, 2013

Dear Baltimore City Board of Liquor License Commissioners:

As the elected State representatives of Maryland's 46th Legislative District – home to nearly two-thirds of Baltimore City's active liquor licenses – we are exceedingly cognizant of the important, ongoing balance required between the interests of neighborhood residents and nearby liquor licensees. On one hand, our City's long-term success necessitates the existence of thriving communities where families can live, play, and raise a family. On the other hand, our City's liquor licensees contribute significant economic activity and cultural offerings to our urban landscape. The imbalance of these stakeholders' interests leads to declining, unstable neighborhoods in the case of liquor establishment oversaturation, and a loss of the dynamic small-business activity unique to our City in the case of overzealous neighborhood regulation.

The Federal Hill Neighborhood provides a poignant example of the need to ensure this delicate balance of varying interests. Over the last decade, Federal Hill has become a destination neighborhood for young families by providing a rich array of booming commercial activity; excellent mixed-income housing; rapidly improving educational opportunities; thriving public parks; close proximity to high-quality employment; and a variety of cultural and entertainment attractions. Most importantly, we've seen a greater number of young families make the intentional choice to raise their children in the neighborhood these families call home.

As the Federal Hill neighborhood has continued its upward momentum, so too has the commercial district within the Cross Street Market Business District. The Cross Street Market Business District momentum, though, has come with varying impacts. Over the last 15 years, there has been a trend among liquor licensees in the Cross Street Market Business District to maximize their potential clientele through existing license expansion. Since 2000, however, the State elected officials passed legislation that expressly attempted to limit the number of liquor establishments in the Business District. This legislation was passed in reaction to the oversaturation concern, and a belief that a liquor license cap was necessary to maintain the livability of the neighborhood. Thus because State law significantly restricts the transfer into or creation of new liquor licenses within the geographic area, a reasonable person would not expect to see any major increases in the net number of total allowable drinking patrons among all licensees in the Cross Street Market Business District over the last 15 years. The reality, however, confounds this reasonable expectation.

In 2003, there were 34 establishments licensed to serve alcohol, excluding liquor stores. The Board of Liquor License Commissioners approved these establishments in aggregate to serve a maximum of 3,751 total patrons at one time.

- Over the next several years, a number of these establishments' licensees went before the liquor board to request expansions of the scope and cap of their liquor licenses. In many cases, the Board approved these expansions.
- In 2007, the number of total allowable patrons for the 34 licensees had jumped to 4,388, a 17% increase over the

2003 total.

- Ten years later in 2013, the total allowable patrons had skyrocketed to 5,025, a nearly 40% increase in potential drinkers in the Cross Street Market Business District since 2003.

While we are always encouraged by the economic growth of any industry in our City, we must measure our optimism when the growth may yield real costs to our ability to keep families living in our downtown neighborhoods. Further, the consumption of alcohol is a highly regulated industry because of a general understanding of the high public and private externality costs associated with over-consumption. These costs are not restricted to individuals, and, in fact, may grow exponentially when combined among larger groups, in this case the number of potential drinkers concentrated in one geographic area. As the concentration of the number of potential drinkers in one area increases over time, the risks to nearby neighborhoods increases proportionally.

One of the basic points of analysis for the Board when it comes to the decision whether to grant, expand, or transfer a liquor license in Baltimore City rests on the marginal impact on the need and necessity of that license in a specific geographic area. This condition precedent is critical, as it serves as the linchpin to maintaining a healthy balance between residents and licensees.

Over the last two years, a diverse group of residents within and around Federal Hill have organized in a way not seen previously, uniting around a concern over the quality of life in their neighborhood. Some may have initially moved to Federal Hill to live in a neighborhood known to offer a thriving nightlife, yet have now grown concerned that the area has surpassed a reasonable tipping point and is no longer an ideal place to raise their family. Others may have lived in the neighborhood for decades, and have experienced the changing character of the neighborhood with growing dismay. This united community concern sounds an important warning bell, a signal that we have lost that critical balance of interests in Federal Hill.

Many of the businesses within the Cross Street Market Business District have come together in recent years to create the Federal Hill Hospitality Association. This was most certainly a welcome development for the community and a commendable effort on the part of business owners. Through the Hospitality Association, the community has had the potential to access one single point of contact for general concerns. The Hospitality Association has partnered with community groups to sponsor significant community enhancement projects. And, most importantly, the Hospitality Association has established common procedures and protocols for regular cleanups and special events. Despite these positive efforts of the Hospitality Association, the community groups surrounding the Cross Street Market Business District maintain that the 38% increase in the net number of possible patrons has significantly disrupted the livability of the neighborhood and has become untenable.

The response to this state of affairs must be nuanced and purposeful, as an overreaction on either side will compound the problem. It is our guidance, as the State representatives for the 46th Legislative District, that the Board adhere to the following recommendations:

- (1) The Board should reject any licensee's request to transfer or expand any license in the Cross Street Market Business District, *unless* the licensee and the representative community association in which the establishments intends to operate *or* the designated umbrella community organization have come to a fair agreement as to specific conditions for maintaining community standards through a signed Memorandum of Understanding.
- (2) The Board in conjunction with the City of Baltimore and the Comptroller of Maryland must immediately enhance efforts to fairly and uniformly enforce the rules and regulations already in place and in law on existing establishments in the Cross Street Market Business District. Because of the net impact of the number of potential patrons and the effect that these masses can have on the quality of life of the community, all licensees often

become characterized as contributors to the problem. This geographic area has exceeded a critical mass of bar patrons in the neighborhood, and once the patrons leave the immediate impact area of the Cross Street Market entertainment corridor, their impact throughout the neighborhood has not been adequately mitigated. Until residents are more confident in the fair and judicious application of rules and standards at all establishments, and in the ability to reduce quality of life concerns around the Business District related to licensee operations, the sum of each establishment will continue to be seen as the whole. Thus, excellent, well-run establishments may be unfairly deemed to be contributing to the larger problem.

- (3) The organized neighborhood association(s) in Federal Hill should further streamline communications and develop a single point of contact for residents to convey concerns regarding licensee operations. The Hospitality Association should engage in a broader dialogue with this representative umbrella organization to outline standards and protocols in greater detail for mitigation efforts moving from this point forward. These standards and protocols should seek to address immediate, ongoing concerns, and should focus on determining the measurable outcomes that may be achieved to indicate that the balance between the interests of residents and licensees is returned and maintained.

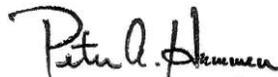
The success of our City depends on our ability to handle these types of circumstances with care and effectiveness. We believe that the above recommendations, embarked upon fully and simultaneously, will lead us to a better balance of interests, a more thriving community, and a more prosperous Cross Street Market Business District.

Thank you for your consideration of these recommendations. Please do not hesitate to contact our offices with any questions or concerns.

Best,



Luke Clippinger
Delegate, District 46



Peter A. Hammen
Delegate, District 46



Brian K. McHale
Delegate, District 46



Bill Ferguson
Senator, District 46