

Lambda Alpha International

AN HONORARY LAND ECONOMICS SOCIETY

DECEMBER 1996

FROM THE PRESIDENT

Dear Colleagues:

This year marks a new and exciting phase in the developing history of the Baltimore Chapter of Lambda Alpha International.

We have a stable core of dedicated members, a sound financial base, and in December at our annual banquet, we will induct new members.

The value of our organization is much greater than its modest size would indicate. Our members are all distinguished in their various fields. With an increased membership and continued excellence in our luncheon programs during which we present the very best commentators to our members and friends, the Chapter is poised to offer the Greater Baltimore Region a unique forum for thoughtful and informational discussion of the key issues and opportunities challenging our city and region. Thus we play an important role in shaping its future.

Lambda Alpha is, above all, a non-political, multidisciplinary society, dedicated to economic prosperity and long term improvement in the quality of life as they result from the careful stewardship and use of our land resources.

On the broader front, I encourage all of you to take stock of our honorary society's international advantages. If you spend a moment flipping through the pages of our directory, you will see that our fellow members around the world represent a veritable "who's who" in the various regions and disciplines. Whether you are engaged in public, private or academic pursuits related to land economics, you will find among our membership men and women of accomplishment who are not only willing, but eager to share their experiences and observations.

1997 presents us with a great opportunity to build our chapter and our relationships with other chapters through the Bicentennial Congress which will convene in less than a year in Memphis, Tennessee. The Memphis Chapter is putting together a terrific program and easy accessibility to that city from Baltimore by air makes attendance even more compelling.

I urge you to take an active part in our local chapter's growth and benefits and to plan to attend the 1997 Biennial Congress to see the remarkable depth and value of our unique international society.

Jeffrey L. Soule, AICP
President

1997 BIENNIAL CONGRESS

"Community Economics Competition Around the Globe"

October 16 - 19, 1997
at the historic
Peabody Hotel
Memphis, Tennessee

Annual Banquet

The Baltimore Chapter annual banquet meeting will take place at Cross Keys Inn in Baltimore on Wednesday, December 11 at 6 PM. Laurie Schwartz, President of the Downtown Partnership will speak on exciting things happening in Downtown Baltimore. New members will be inducted and election of officers will be held.

Board of Governors at San Diego

The semi-annual Lambda Alpha Board of Governors meeting was held October 11 - 12, 1996 in San Diego. The various chapter presidents reported on the size of their chapters and their activities. New chapters are pending in several US and Canadian cities and in Tokyo and Hong Kong. The Lambda Alpha International Association report indicated that some student chapters are going ahead while others have become inactive. A proposal to develop a Lambda Alpha leadership group presented by First Vice President Frank Spink was reviewed and discussed. The Board of Governors participated in a luncheon meeting of the San Diego Chapter and was given a tour of downtown San Diego.

Baltimore Chapter ANNUAL REPORT for 1996

The Baltimore Chapter has had a busy schedule: our meetings have covered the "Brownfields" issue, discussed the stadium projects in Baltimore and Prince Georges County, heard from the President of the Baltimore Development Corporation on "New Directions" and looked at poverty in America.

Brownfields, the subject of our March 19 meeting, is a problem present in many U.S. cities and inner-ring suburbs. Locally, it relates to former industrial sites in Baltimore which may or may not contain hazardous contaminants in the soil, which constitute a health risk and which prevents the reuse of these significant vacant or under-used properties. Baltimore is confronting the problem aggressively and regards the problem as a major element in its future economic and environmental health.

Baltimore's answer to the challenge is through state legislation, strategic planning, placing Brownfields in the empowerment zone and identifying and mapping

the vacant and under-utilized industrial sites in Fairfield. Discussed at the meeting were two bills introduced in the State Legislature this year: House Bill 5 which established an aggressive voluntary cleanup program, and Senate Bill 205 which is much more restrictive. Mayor Kurt L. Schmoke has created the Baltimore Brownfields Industrial Redevelopment Council to develop a strategy to clean up and redevelop Brownfields. The city was awarded a \$200,000 EPA Brownfield's Pilot Grant to help fund development of a strategic plan, site inventory, selection and assessment and community outreach.

The stadiums in the Baltimore regions were discussed at our April 17 meeting. These include Oriole Park At Camden Yards and the National Football League stadium now under construction adjacent to it and a Redskins stadium which Jack Kent Cooke plans to build near Landover. While the 2-year old Oriole Park has won many accolades locally and nationally, extreme political controversy followed the NFL stadium which will replace the aging Memorial Stadium. Many are fond of the existing Memorial Stadium and others have very different priorities for a \$200 million expenditure, particularly so closely following a similar expenditure on Oriole Park.

Bruce H. Hoffman, Executive Director of the Maryland Stadium Authority (MSA), explained their current projects including the Baltimore Convention Center currently undergoing an 800,000 square foot expansion, the expansion of the Ocean City Convention Center, the Montgomery County Conference Center, operations and management of the Oriole Park-Camden Station-warehouse development, management of the Memorial Stadium, management of a training complex as well as construction of the new NFL stadium scheduled for completion in August, 1998.

Art Modell, owner of the then Cleveland Browns (now renamed the Baltimore Ravens) had struck a deal with Baltimore for the relocation of his franchise. The move was bitterly opposed in Cleveland and had some local opposition as being too generous.

While Cooke will use private funds to build the Redskins stadium, an estimated \$75 million will be required from the state coffers for infrastructure. Mr. Hoffman did not comment on this since it is not an MSA project. He did, however, go into detail to show how the \$200 million NFL stadium in Baltimore would be financed and discussed the economic impact of the New facility which he said would bring in \$111 million annually, \$6.7 million in

direct taxes to the State, \$2.5 million direct taxes locally, \$11.4 million in sales and income taxes during construction and a total of 1,400 jobs. He stated that \$135.7 million had already been raised and that the \$64.3 million remaining would be financed out of Lottery revenues. Since this presentation, the enlarged Convention Center has opened and the stadium project in Baltimore has been started and is well Underway.

M. Jay Brodie, Lambda Alpha member and the newly elected president of the Baltimore Development Corporation (BDC), was the featured speaker at our June 19 meeting. He had previously served as president of the Pennsylvania Avenue Development Corporation, Washington, D.C. and as Commissioner of Housing and Community Development in Baltimore.

Mr. Brodie described how BDC was formed and how a recent survey and analysis of its function was conducted of 100 major business leaders in Baltimore. The result of the survey guided the BDC selection of a new board, a new president, and a new strong relationship with the Mayor's office. The organization of BDC is based on both function and four broad geographical areas. The core business has been identified as (1) retaining existing businesses, (2) helping to expand existing businesses and (3) attracting new business.

Particular attention is being paid to Baltimore's strengths: health and medicine, the Baltimore Port, a "University City", a "WOW" tourist destination with a new convention center, the expanded National Aquarium and new stadium and building on the base of strong financial institutions such as T. Rowe Price and Legg Mason.

Inner Harbor East was the focus of our September 21 meeting which was held jointly with the Washington Chapter. The meeting included a walking tour of the area and a presentation of the major development projects by Mr. Michael Beatty, Vice President of H&S Properties Development Corporation. Mr. Beatty was joined by his father, New York architect George E. Beatty, Jr. of Beatty, Harvey, Filat. Inner Harbor East links the popular Fells Point area with the Inner Harbor with both commercial and residential uses.

A new look at poverty in America was presented by Bill O'Hare of the Annie E. Casey Foundation at our November 13 meeting. The Foundation, which started with a staff of seven in 1990, now has 60 staff members and allocates \$180 million to increase awareness about children's problems and enhance delivery of services to children. One of O'Hare's responsibilities is to develop *Kid's Count* a national data book available on request.

Table 1. Child Poverty in 17 Developed Countries Before and After Government Assistance

Country		Before Assistance	After Assistance	Percent of Children Lifted Out of Poverty by Government Assistance*			
United States	1991	26%	22%	17%			
Australia	1989	20%	14%	29%			
Canada	1991	23%	14%	40%			
Ireland	1987	30%	12%	60%			
Israel	1986	24%	11%	54%			
United Kingdom	1991	30%	10%	67%			
Italy	1991	12%	10%	17%			
Germany	1989	9%	7%	24%			
France	1984	25%	7%	74%			
Netherlands	1991	14%	6%	55%			
Norway	1991	13%	5%	64%			
Luxembourg	1985	12%	4%	65%			
Belgium	1992	16%	4%	77%			
Denmark	1992	16%	3%	79%			
Switzerland	1982	5%	3%	35%			
Sweden	1992	19%	3%	86%			
Finland	1991	12%	3%	78%			

SOURCE: Rainwater, Lee, and Timothy M. Smeeding, 1995, "Doing Poorly: The Real Income of American Children in a Comparative Perspective," Working Paper No. 127, Luxembourg Income Study, Maxwell School of Citizenship and Public Affairs, Syracuse University, Syracuse, New York.

* Based on unrounded data.

Among the startling data is that the United States, richest nation in the world, has child poverty 50% higher than the next closest developed nation, and ten times higher than Sweden. O'Hare, however, emphasized that a single measure like the poverty rate does not capture all that is happening. Data show that the poor are getting poorer, the rich richer. While the GDP and the stock market indicate the economy is growing, poverty is not being reduced. Education is generally thought to be the best way for people to escape poverty, yet educational attainment and poverty have increased together in the U.S. Employment does not necessarily decrease poverty, as the increasing proportions of mothers in the work force has not decreased poverty. Some point to changes in family structure as the reason for high poverty, he said, but poverty has increased in husband-wife families while remaining constant in female-headed families.

O'Hare further noted that while the rhetoric over welfare reform suggests that welfare itself may cause poverty by sapping motivation and encouraging female-headed families, states with the lowest welfare benefits have the highest, not the lowest, rates of poverty.

Aid to Families with Dependent Children (AFDC) has accounted for only 2% of the federal budget for many years, and all poverty programs together account for only 6% of the current budget. The largest poverty program, Medicaid, is where the growth has been dramatic in recent years, and 80% of Medicaid goes to the disabled and the elderly.

O'Hare believes the first two goals of the recent "welfare reform" bill (to reduce federal spending on the poor and to give states more flexibility) will be met because they are built into the law. However, regarding the third goal, to improve life chances of children, there is nothing set in place to measure this nor to determine which states are up to the job. Welfare reform will probably not change the official level of poverty which is measured by cash income and will probably increase actual poverty as governmental programs contract.

Community Conservation Aids Regional Transportation

Fixing up and maintaining our older neighborhoods may play an important role in dealing with Baltimore's regional transportation concerns. At least, that is one of the messages to be drawn from the work of the Land Use Subcommittee of the Transportation Steering Committee. (1)

The Subcommittee began its work in early 1994 by reviewing how other metropolitan areas have handled the coordination of land use and transportation. At the same time, the representative from each jurisdiction (2) presented the key features underlying the local land use plan (the composite of which provided the basis of the 1993 long-range transportation plan). Each presentation pointed up the fact that local land use plans had been worked out very carefully and that there appeared to be little leeway for change.

A breakthrough in the committee's work came when one representative said "Let's look at what would happen if we deferred 10 percent of the expected growth in the suburbs." That is, let us explore what would happen if one assumed a change in the pace of the development in the outer suburbs and that growth occurred, instead, in older suburbs and in city neighborhoods.

That modification in assumptions about growth in the region led to a series of experiments. The initial analysis dealt with the technical feasibility of whether such growth could occur in "inside the Beltway" neighborhoods. A sufficient combination of vacant land and vacant housing stock to absorb what amounted to 2 1/2 years of suburban growth was available.

The Land Use Subcommittee found that, without changing the land use patterns of the outer suburbs, but allowing for growth in older areas, a region would gain slight reductions in vehicular traffic, some increases in transit ridership, and some slight improvements in air emissions. The gains were not dramatic, but they were moving in the right direction.

Then, the Subcommittee carried these experiments one more step: in addition to shifting growth from the outer reaches of the region to the urban core, it looked at concentrated growth in the most suitable areas within the jurisdictions beyond the general plans. Suitable areas were defined as points served by fixed rail transit and designated growth centers, reducing the growth in more rural areas. This made for more dramatic impacts even though the experiment was limited by the reluctance

of some jurisdictions to alter some of their existing density assumptions.

For any of these reported outcomes to be realized, real people would have to make choices about housing types and residential locations that go against the current trends. Is there a market for housing on infill sites in older neighborhoods? Will people opt for higher residential densities in units located near transit facilities? Based on established trends, the odds are against it. But, the basic assumptions surrounding the housing market are changing.

Demographic trends suggest that households will be smaller (already 55% of all households consist of one or two persons), they will be older, and fewer may be able to afford \$200,000+ single family suburban homes. The time may be ripe for the home building industry to test new options in the marketplace.

These issues will form the basis of one of the regional land use alternatives considered in 1997, as the Transportation Steering Committee prepares its new long range plan for the Baltimore Region.

Although it may seem unlikely today, our ability to successfully revitalize our older city and "inside the Beltway" suburban neighborhoods may be a key component in dealing with the seemingly

NOMINATION OF OFFICERS

The nominating committee, composed of Morton Hoffman, *Chairman*; Mike Anikeeff, Robert Hearn, David Rudow and Alexander Speer, have made the following nominations for the year beginning December, 1996.

President – Jeffrey Soule, AICP
Vice President – Josef Nathanson
Secretary – Gordon Bonham
Scribe – Alexander Speer
Treasurer – Charles D. Laidlaw, AICP
Membership Chairman – Edmund Cueman

Board Members:
Morton Hoffman, CRE,
Immediate Past President
Ronald M Kreitner
Robert Hearn
Theodore Rosenberg

intractable problems of regional travel demand. To the extent that we can reclaim older neighborhoods and rehabilitate our vacant housing stock, we would reduce the claims for dwindling transportation improvement resources.

Josef Nathanson

(1) *The Transportation Steering Committee is the Metropolitan Planning Organization (MPO) for the Baltimore Region. The TSC is staffed by the Baltimore Metropolitan Council.*

(2) *Baltimore City and Anne Arundel, Baltimore, Carroll, Harford and Howard counties.*

An earlier version of this article appeared in TSC Notes. The Full report of the Land Use Subcommittee's work is found in Growth Management and Transportation: Alternative Futures for the Baltimore Region, available through the Regional Information Center at (410) 333-4881.

Region's Economy Expected to Grow Through Early '97

"Both Maryland and Virginia are poised for employment growth into the early part of 1997, but D.C. Metro's economy — affected mainly by cuts in the number of jobs in the Federal Government — continues to, at best, hold its own."

Thus predicts the latest issue of the *Regional Economic Quarterly* produced by the Regional Economic Studies Institute (RESI) of Towson State University.

Michael Conte, RESI's Director and member of the Baltimore Chapter of Lambda Alpha International, is often quoted as an expert on both regional and national economics. The Institute he founded seven years ago has grown to a staff of 60 and provides a wide range of economic, policy modeling, systems management and survey research services.

"Over the next four quarters, Maryland's employment base is expected to increase by 1.9% or 41,000 jobs," continues the *Regional Economic Quarterly*. Sectors expected to add the largest number of new jobs include business services, restaurants, non-hospital health services, and retail trade. Construction, reports the *Maryland Industry Report*, should also add jobs.

The Baltimore metropolitan area should share in that growth, according to RESI's *Baltimore Economic Digest*, after posting a 2.2% gain in its Baltimore Metro Index of Leading Economic Indicators during

the second Quarter of 1996, "the largest single-quarter growth in the history of the index."

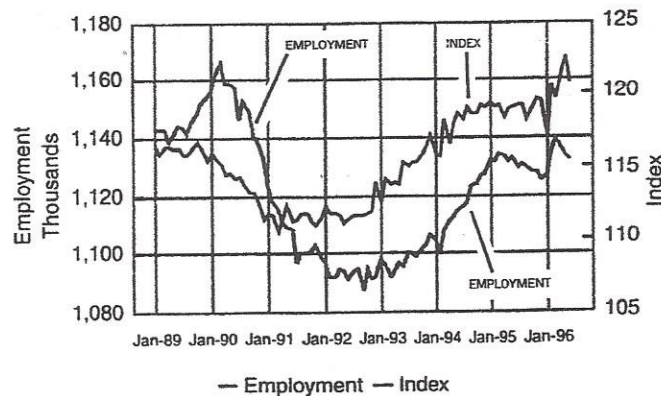
This good news comes after a four year loss of jobs in crucial high-pay sectors, and a previous four-quarter growth rate that was higher than only two of the nation's 40 largest metropolitan areas.

November 18 projections prepared for the Maryland Department of Human Resources show an expected 19,000 new jobs in the Baltimore Metropolitan Area during the last two quarters of 1996 and the first two quarters of 1997, with 2,500 of these in Baltimore City itself.

Conte looks forward to launching RESI's *National Economic Quarterly* and *National Industry Report* next spring as an expansion of its report series, which includes industry reports for the D.C. Metropolitan Area and for Virginia. He will present the latest information of the economy at RESI's second annual Maryland Economic Outlook Conference on December 12.

Gordon Scott Bonham, RESI

Baltimore Metro Leading Index vs. Employment
January 1989 to June 1996



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