

# One Region, One Future: A Report on Regionalism

## *The Greater Baltimore Committee*

This report proposes a new vision for the Baltimore region. To achieve that vision will require sustained, regional leadership and bold action. We need to start thinking and acting like a region if we are to be successful in the future. The Greater Baltimore Committee (GBC) is convinced that the result will be a healthy and vigorous community that can compete successfully in the global economy of the 21st century. The alternative would be decline throughout the region and the spread of social and economic problems. The choice is clear.

## **The Baltimore Region**

Ever since its founding in 1955, the GBC has been concerned about both the competitiveness and the quality of life of the Baltimore region. Yet, even the GBC, a regional organization by virtue of its membership and its mission statement, has largely focused on the condition of individual jurisdictions and particularly on Baltimore City. As an organization of corporate and civic leaders, we have concluded that an exclusive focus on individual jurisdictions is no longer in the best interests of either the region or its individual jurisdictions. While we may, at times, become involved in policy issues that are predominantly local, we believe it's time to start thinking outside the lines as well.

The reasons for thinking about regionalism, for not having our alternatives lim-

ited by existing political boundaries, are strong and compelling and growing by the day. The motivation comes from both problems and opportunities.

Many of the problems are already apparent. For example, we can readily see that older, inner-ring suburban neighborhoods in Baltimore County are facing social and economic problems that we formerly associated with inner city neighborhoods. As is the case in many areas of the country, we can expect those problems to continue to spread outward, unless we figure out how to deal with them.

If you make a list of the major issues facing any particular jurisdiction, you are likely to conclude both that a similar list exists for other jurisdictions and that the solutions cannot possibly be effective unless they are undertaken on a broader basis. How about crime? Criminals are not limited by political boundaries. Efforts to reduce crime shouldn't be either. Similarly, environmental quality and the threats to it have nothing to do with artificial lines on a map.

The failures of the Baltimore City Schools have a direct impact on the quality of the workforce available to employers throughout the region.

Even the relative success of high-growth suburban areas may be misleading. A growing number of studies, as well as examples from other parts of the country, show that overall economic prosperity and growth are

### **A Report Adopted by the Greater Baltimore Committee Board of Directors.**

The Greater Baltimore Committee (GBC), composed of business and civic leaders from the Baltimore region, established a committee, the Policy Study Group on Regionalism, in September 1996 to examine key issues related to the health and competitiveness of the Baltimore region and to make recommendations to the GBC Board of Directors. The report printed here was unanimously adopted by the GBC board in April 1997 and was highlighted at the GBC's Annual Meeting in May 1997. GBC's chair is Frank Bramble, president and CEO of First Maryland Bancorp.

The president of the GBC is Donald Hutchinson. The GBC's regionalism initiative is directed by GBC vice president Laslo Boyd, a member of the Board of Trustees of the Institute for The Regional Community. The 23-member Policy Study Group on Regionalism was chaired by Mark K. Joseph, chairman of the Shelter Group, and Carl Stearn, president and CEO of Provident Bankshares Corporation.

Copies of the "One Region, One Future" can be obtained by writing to the attention of Laslo Boyd, Vice President, Greater Baltimore Committee, 111 South Calvert Street, Suite 1500, Baltimore, Maryland 21202.

less in regions with declining central cities than in regions where the central city, as well as the suburbs, is flourishing. Although many seem reluctant to accept the fact, we really are all in this together. For the GBC,

regionalism is very much about a dynamic, competitive, and productive business climate for all the citizens of the metropolitan area.

### **A Global Economy**

Regionalism is also about opportunity. In a world of rapid and dramatic change, the most significant development may well be the emergence of the global economy. The term is no longer one only for futurists, but describes a reality we are facing today. Our economic partners and competitors are no longer just our neighbors or some nearby states. Our goods and services can be offered to a world market, but they face serious price and quality competition. The stakes are very high. Winners will grow and prosper and losers will face declining standards of living and quality of life.

The point is that we are a region, like it or not. The question is whether we will be a competitive region. To compete successfully, not only with Phoenix and Jacksonville, but also with Frankfurt and Osaka, we will have to grow and also to attract businesses that find in Baltimore the resource base that they need and the quality of life that they want. This is why the quality of *all* our schools is important. This is why public safety *throughout* the region is important.

Regions are becoming the primary economic competitors in the new global economy. In part, this is the case because regions are natural economic areas, as opposed to political jurisdictions, which are totally arbitrary. Additionally, regions have the ability to develop the scale of economic activity and the clusters of industries that can support and reinforce each other. For example, one of the key industries for Maryland's economic future is biotechnology. Looking at a map, it is very clear that the biotechnology companies and the various interrelated enterprises, such as research universities, are spread throughout

the region, and operate with no regard to the political boundaries that may separate them.

The Baltimore region faces the paradoxical situation that the jurisdiction with the most problems has the least capacity to deal with them. Addressing the social and economic problems that are, at the moment, largely concentrated in Baltimore City is essential to the long-term vitality of the entire region. Baltimore City will not be able to develop successful responses to the problems it faces on its own. Moreover, research by urban experts demonstrates that efforts like the Empowerment Zone, that focus exclusively on the city without considering the interdependence of the entire region, are not likely to reverse major trends.

We need to find policies and mechanisms and partnerships that bring the resources and capabilities of the entire region to bear on a set of problems that ultimately affect every single person living and working in the entire area. A number of other organizations and individuals are thinking about and talking about similar questions. That's a very positive sign, because our ability to develop new approaches to some very old problems will require the participation of the corporate, nonprofit, civic, and political communities.

## Getting to the Solutions

What are the solutions? In the next section of this report, we make a number of specific recommendations. None is short-term or easy to achieve. All will require education and discussion and the development of political support. We have looked at the experience of other regions, but ultimately we must devise a solution that works for the Baltimore area and that is the product of a process that involves the different parts of our community.

One qualification is in order, however. When we talk about regionalism and think-

ing outside of the lines, that does not mean we are advocating the elimination or redrawing of the political boundaries of this region. In many respects, we already have one of the best approaches to local government with our county system, which is far better than many areas of the country that have literally hundreds of units of local government in their metropolitan areas.

The question, rather, is how we can cooperate to find solutions that work for our problems, regardless of where in the region they are. The result will be a healthier and more competitive region which will benefit all of us.

## The Choices We Face

The GBC regional strategy results from a careful and thorough examination of both our region and the experiences of other areas. That process has led us to five fundamental propositions that form the basis for the recommendations that follow.

**1. Regions with declining core areas do less well overall than regions with healthy and viable cores.** There is growing evidence from all over the country for this conclusion. The point, and it is central to our whole effort, is that there are real and serious adverse consequences for apparently thriving suburban areas if the central city is in decline. For one, the problems always spread. Building walls or digging moats does not work. Neither does moving farther and farther out from the central city. Secondly, the resources of a viable central city are a key part of the attractiveness of a region and cannot be replaced. Efforts at replicating such resources absorb enormous public costs and end up making the region less competitive.

**2. The city and the counties of the Baltimore region are growing increasingly interdependent.** We think that this interdependence is the fundamental fact of

life in the emerging global economy. Moreover, as we examine the social and economic trends within our region, it is clear that our futures are linked together. Many in the Baltimore region have not recognized this fact or have tried to resist it, but the evidence is overwhelming.

The first step in building a workable regional agenda to make this a viable, competitive region is to get people throughout the region to recognize this interdependence. We believe that our five fundamental points are connected. If we see ourselves as being tied together and having a common fate, then we can start working to develop the policy solutions to benefit the region as a whole and the political will to implement those policies.

We use the term “regionalism” throughout this report to refer to the view that all of us in the Baltimore region have an interdependent future and to the goal of developing regional policy approaches to deal with the key issues that affect all of us. We are talking about “governance,” working together in partnerships and in collaboration, rather than about how we organize or structure our governments in the region.

**3. Despite significant successes, Baltimore City will not be able to reverse trends in population loss and increase in poverty by itself.** We have seen a series of studies over the years, from Peter Szanton to Neal Peirce to David Rusk to Myron Orfield, which all come to the same conclusion.<sup>1</sup> The data and trends are alarming and getting worse. Population and jobs and fiscal capacity are all declining. Concentration of poverty and crime rates and failures of the education system are all increasing. That many other cities are facing the same problems, and not solving them either, is of little comfort.

We believe that Baltimore’s condition will not be improved by any of the traditional means that cities have employed in the past.

Those approaches, whether in the form of financial aid for the city or innovative programs to deal with a specific issue, have, for the most part, treated symptoms rather than fundamental causes. While it is possible to point to successes, the city has been unable, on its own, to reverse the overall trends.

**4. Social and economic problems are not limited to Baltimore City and are increasing and spreading to other parts of the Baltimore region.** Inner-ring suburbs and other older communities are experiencing problems associated with poverty and aging infrastructure similar to what Baltimore City has confronted. Concerns about drug use, public safety, and quality of schools, among other issues, are not limited even to those areas, but can be seen throughout the region.

The point is that the beneficiaries of regional cooperation and problem solving are all of the jurisdictions and residents of the region. Similarly, the consequences of inaction will affect the entire region.

**5. Finally, we need to acknowledge that race relations is one of the key issues that we must confront.** At the very least, perceptions about race impede solutions to many of the problems facing the region. In the opinion of some, racial attitudes are one of the causes of those problems. The data on those problems, particularly with respect to poverty, reflect sharp distinctions by race. If we are to work together as a region, we cannot allow ourselves to be divided by race. That is a challenge that runs throughout all the issues facing us.

## Recommendations

The GBC has concluded that concentration of poverty, extreme wealth disparities, and the consequent declining fiscal capacity are fundamental issues that need to be

addressed directly if the region is to be viable and competitive in the 21st century global economy. Policy recommendations that address these issues directly will require time, persistence, and political skill.

The political challenge in pursuing these policy recommendations is formidable. We must get beyond immediate negative reactions and engage in a process that has as its objective the long-term viability of the entire region. That is an undertaking that will test our resolve and commitment, but is, we believe, worth the effort.

The GBC endorses the following initiatives:

**1. Regional growth management policies that lead to redevelopment and reinvestment in older neighborhoods and reduce the infrastructure costs to the governments and taxpayers of the region.**

Encouraging reinvestment in older areas, whether Baltimore City, inner-ring suburbs, or other communities, is essential if we are to have a healthy region. A thoughtful growth management approach for the region is one of the important tools for bringing about revitalization of the older communities.

The evidence is clear. Places that have gotten serious about growth management have stimulated reinvestment in their central cities and older suburbs at the same time that they have attracted investment and growth because they were appealing places to live and work. Portland, Oregon is a national success story with the most advanced growth management policies in the country. The key element in that policy is the determination of an urban growth boundary line. Future development areas are concentrated inside of the line while growth outside the urban boundary is limited. While the details of the planning process have evolved since its inception in 1973, the patterns of development in the

Portland area have consumed land at a rate roughly equivalent to the population growth and have fostered significant reinvestment in the older downtown areas. By contrast, the proportion of land consumption to population growth in the Baltimore area from 1960-1990 was approximately 5 to 1.

A Portland-style growth management approach for Baltimore would promote redevelopment of Baltimore City and inner-ring suburbs, reduce the overall infrastructure costs for the region, and preserve agricultural and park lands.

**2. Policies that result in a system of tax base sharing in the region. Any system should focus on the growth in tax base and could draw upon a number of different models that have been adopted across the country.** Tax base sharing and revenue sharing are not new in this country. The relationships between the federal government and the states and between Maryland and its local governments are filled with examples. Moreover, in Maryland's system of large county governments, there is a form of implicit revenue sharing that takes places between different sections of the same county.

The best-known regional example in the country is in the Twin Cities area. Under a Minnesota law that went into effect in 1975, 40 percent of the *increase* in the assessed value of commercial and industrial property in the Twin Cities area is placed into a common pool to be redistributed to all 187 municipalities in the region, based upon a formula that includes both population and comparative property wealth. The total pool as of 1995 was \$241 million. The goal of the program has been to reduce fiscal disparities among jurisdictions. The Minnesota program has benefitted large numbers of political jurisdictions in that region.

The goals of a tax base sharing system for the Baltimore region could be to reduce fiscal disparities, to lessen the competitive

disadvantage of any area with a disproportionately high tax rate in attracting and retaining businesses and residents, and to finance a fair-share housing program for the region.

A system that shared the *growth* in the commercial and industrial tax base would create a shared interest in economic development anywhere in the region. Such an approach would also lessen the incentives for costly and unproductive competition within the region.

There are a number of variations of this approach. Allegheny County, Pennsylvania has created a Regional Asset District that shares a one-percent sales tax in the region to support cultural facilities and reduction of other taxes. The Dayton, Ohio area has a voluntary tax base sharing system to support economic development projects as well as for revenue redistribution, although the total revenues shared are not large. The Denver, Colorado region has a Scientific and Cultural Facilities District that shares a tenth-of-one-percent regional sales tax.

**3. A policy for developing affordable housing throughout the metropolitan area.** A key goal of this policy should be to avoid creating concentrations of people living in poverty. The national model most often cited exists in Maryland. Montgomery County passed legislation in 1975 requiring developers of new housing to include moderately-priced units. Under the moderately priced dwelling unit policy (MPDU), any new housing development of at least 50 units must include up to 15 percent moderately priced units. Of that 15 percent, the county's Housing Opportunities Commission can purchase up to one-third for low income residents. The program has produced more than 10,000 units of moderate and low income housing that are distributed across the county.

The Montgomery County MPDU model could serve as the basis for an affordable

housing policy for the Baltimore region. This approach would require either a collaborative agreement among housing agencies or some sort of areawide housing agency, as well as a financing mechanism.

## Conclusion

These recommendations go to the core of the GBC's mission "to improve the business climate of the Greater Baltimore Region by organizing its corporate and civic leadership to develop solutions to the problems that affect the region's competitiveness and viability."

The GBC is making a long-term commitment to advocating for, and supporting regional approaches to, economic and social issues in the Baltimore metropolitan area. Regionalism will be on the GBC work plan and at the top of its agenda for the next decade and beyond.

In addition to advocating for specific policies, the GBC will be actively engaged in the educational campaign that will be needed to build support for regionalism in general, as well as for those specific policies. An important starting point is to enhance current areas of regional cooperation. The GBC, through its organizational activities, as well as through the efforts of its individual members, will seek ways to raise the visibility of regional issues and to facilitate discussion among different groups and individuals about regional solutions.

None of our recommendations will be accomplished easily or quickly. That the ultimate objectives are long term does not mean, however, that we should not be actively pursuing them immediately and identifying interim and short-term steps that move the Baltimore region in the right direction. If we do not start working on these hard issues now, we will find ourselves in another decade facing even more difficult problems.

As a region, we have the resources to compete successfully with any place. But we must develop a regional framework for success.

With well-focused, effective regional teamwork on key public policy issues that relate directly to our business climate, Greater Baltimore can be a global business leader. Without it, we risk placing ourselves, and our children, at a serious competitive disadvantage. ■

### Notes

1. Orfield, Myron. 1996. *Metropolitica: A Regional Agenda for Community and Stability*. Washington, D.C.: The Brookings Institution and the Lincoln Institute of Land Policy.
2. Peirce, Neal, et al. 1993. "Baltimore Breaking the Boundaries," in *Citistates: How Urban America Can Prosper in a Competitive World*. Washington, D.C.: Seven Locks Press. Originally published as a special section of *The Baltimore Sun*, May 6, 1991.
3. Rusk, David. 1996. *Baltimore Unbound: A Strategy for Regional Renewal*. Baltimore: The Hopkins University Press.
4. Szanton, Peter L. 1986. *Baltimore 2000: A Choice of Futures*. A Report to the Morris Goldseker Foundation.