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Baltimore Metropolitics

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**Baltimore Metropolitcs:
A Regional Agenda for
Community and Stability**

Myron Orfield

A Report to the Citizens Planning and Housing Association

March 1998

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I. Overview

There is a dangerous social and economic polarization occurring in the Baltimore region. First, poverty and social and economic need have concentrated and are deepening in central-city neighborhoods and older suburban places. This concentration destabilizes schools and neighborhoods, is associated with increases in crime, and results in the flight of middle-class families and business. ***Ironically, as social needs accelerate in Baltimore and its older suburbs, the property tax base supporting local services erodes.*** Second, in a related pattern, growing middle-income communities, dominated by smaller homes and apartments, could well become tomorrow's troubled suburban places, particularly those located in low tax-base counties such as Baltimore, Harford, and Carroll counties. Third, upper-income residentially exclusive suburban places are capturing the largest share of regional infrastructure spending, economic growth, and jobs. As the property tax base expands in high property-wealth counties such as Howard and Anne Arundel counties and their housing markets exclude, these counties can become both socially and politically isolated from regional responsibilities.

Overlaying this socioeconomic polarization is an environmental nightmare. As the wave of socioeconomic decline rolls outward from the city and older suburban places, tides of middle-class homeowners sweep into fringe communities. Growing counties and communities in turn use expensive home zoning to "protect themselves" and to compete for tax base. In so doing, they lock the region into low-density development patterns that are fiscally irresponsible, foster automobile dependency, contaminate groundwater, and needlessly destroy tens of thousands of acres of forest and farmland.

During the 1980s, the school systems of Minneapolis and St. Paul went from 25 to 55 percent poor and non-Asian minority children, and the distressed neighborhoods in both central cities tripled in size. Social instability swept into inner suburbs, where detrimental patterns accelerated and intensified. Southwestern developing suburbs, on and beyond the I-494 beltway, grew to dominate regional economic growth and eschew regional responsibilities.

In response, after information was produced about the Twin Cities region similar to the information contained in this report, its central cities, inner suburbs, and low tax-base developing suburbs united to create and support a regional agenda to stabilize these trends. It became clear that Twin Cities suburban communities are not a monolith with common experiences and political needs. The delineation of these patterns helped create a metro-majority political coalition between the central cities, which comprise one-third of the region's population, and the inner and low tax-base developing suburbs, which comprise another third. By supporting and helping to pass in the 1993-95 sessions, significant legislation involving regional tax-base sharing, fair housing, transportation/transit reform, land-use planning, and a stronger metropolitan government, these subregions signaled their strong and growing support of a regional reform agenda.

Similarly, social equity groups representing the poor living in older communities and environmental groups wishing to protect land and water from development pressures are

beginning to coalesce around this regional agenda.¹ Increasingly, these groups sense a common connection in their individual struggles against the growing waves of chaos that overwhelm their individual efforts. As they develop a common language and agenda, the potential for broad-based regional action increases.

Based on demographic research, this report argues that similar coalitions can be developed in the Baltimore region. These coalitions could begin around the issue of tax-base equity and if successful can be broadened, one by one, to other issues of regional reform.

II. The Core

A. Concentrated Poverty in the Baltimore Region

In the city of Baltimore, there is a subset of distressed census tracts with more than 40 percent of their population below the federal poverty line. According to sociologists, such neighborhoods are extreme poverty tracts or ghettos.² Surrounding these severely distressed neighborhoods are transitional neighborhoods with 20 to 40 percent of their population in poverty.³ In the 1970s, extreme poverty tracts and transitional neighborhoods exploded in size and population in the large cities of the Northeast and Midwest. During the 1970s, New York City's ghetto, the nation's largest, increased from 70 census tracts to 311.⁴ During the 1980s, ghettoization rapidly increased in Chicago, Detroit, and many of the secondary cities of the Northeast and Midwest.⁵ In 1980, 48 percent of Detroit's census tracts had at least 20 percent of the residents in poverty; by 1990, 75 percent of its tracts did.⁶ In Midwestern cities, the number of ghettoized tracts doubled in the 1980s.⁷

In the city of Baltimore in 1990, there were 35 extreme poverty tracts—areas in which 40 percent or more of residents lived in poverty (Figure 1). Forty-five percent of Baltimore City's

¹ At the local level by the Alliance for Metropolitan Stability, a cooperative organization of local churches, inner-city poverty groups, and environmentalists. See also "Metropolitan Solutions" section below. At a national level this movement is being led by Henry Richmond of the National Growth Management Leadership Project. See Henry R. Richmond, "Rationale and Program Design: National Land Use Policy Institute," 11 July 1994.

² See Paul A. Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States, 1970 to 1980," in Christopher Jencks and Paul E. Peterson (eds.), *The Urban Underclass* (Washington, DC: The Brookings Institution), 235-273; John D. Kasarda, "Inner-City Concentrated Poverty and Neighborhood Distress: 1970 to 1990," *Housing Policy Debate* 4, no. 3, 253-302.

³ Ibid.

⁴ Kasarda, "Concentrated Poverty," 261.

⁵ Kasarda, "Concentrated Poverty"; Paul A. Jargowsky, "Ghetto Poverty Among Blacks," *Journal of Policy Analysis and Management* 13, no. 2 (1994): 288-310.

⁶ Kasarda, "Concentrated Poverty," 261.

⁷ Ibid., 260.

population, 334,172 persons, lived in poverty tracts or extreme poverty tracts. This poverty was centered on two cores of extreme poverty, one to the west and one to the east of downtown.

B. The Effects of Concentrated Poverty

Stimulated by William Julius Wilson's book, *The Truly Disadvantaged*, scholars in the late 1980s began actively studying the effects of concentrated poverty in large metropolitan areas. Their research confirms that concentrated poverty multiplies the severity of problems faced by both communities and poor individuals.⁸ As neighborhoods become dominated by joblessness, racial segregation, and single-parentage, they become isolated from middle-class society and the private economy.⁹ Individuals, particularly children, are deprived of local successful role models and connections to opportunity outside the neighborhood. A distinct society emerges with expectations and patterns of behavior that contrast strongly with middle-class norms.

Professor Wilson writes:

“I believe that the exodus of middle- and working-class families from ghetto neighborhoods removes an important ‘social buffer’ that could deflect the full impact of ... prolonged and increasing joblessness ... This argument is based on the assumption that even if truly disadvantaged segments of an inner-city area experience a significant increase in long-term spells of joblessness, the basic institutions in that area (churches, schools, stores, recreational facilities, etc.) would remain viable if much of the base of their support comes from the more economically stable and secure families. Moreover, the very presence of these families during such periods provides mainstream role models that help keep alive the perception that education is meaningful, that steady employment is a viable alternative to welfare, and that family stability is the norm, not the exception.”¹⁰

Studies have found that poor individuals living in concentrated poverty are far more likely to become pregnant as teenagers,¹¹ drop out of high school,¹² and remain jobless¹³ than if

⁸ William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987); Douglas S. Massey and Nancy A. Denton, *American Apartheid: Segregation and the Making of the Underclass* (Cambridge: Harvard University Press, 1993); Christopher Jencks and Paul Peterson eds., *The Urban Underclass* (Washington, D.C.: Brookings Institution, 1991); Nicholas Lemann, *The Promised Land: The Great Black Migration and How it Changed America* (New York: Alfred A Knopf, 1991); Nicholas Lemann, “The Origins of the Underclass,” *The Atlantic Monthly* 257 (1986): 31-55; Hope Melton, “Ghettos of the Nineties: The Consequences of Concentrated Poverty,” (St. Paul Department of Planning and Economic Development, November 10, 1993).

⁹ See generally George C. Galster, “A Cumulative Causation Model of the Underclass: Implications for Urban Economic Policy Development,” in *The Metropolis in Black and White: Place, Power and Polarization*, eds. George Galster and Edward Hill (New Brunswick, NJ: Center for Urban Policy Research, 1992).

¹⁰ Wilson, *Truly Disadvantaged*, 56.

¹¹ Jonathan Crane, “The Effects of Neighborhoods on Dropping Out of School and Teenage Childbearing,” in *The Urban Underclass*, eds. C. Jencks and P. Peterson (Washington, D.C.: Brookings Institution, 1991), 299-320; Susan E. Mayer, “How Much Does a High School's Racial and Socioeconomic Mix Affect Graduation and Teenage

they lived in socioeconomically mixed neighborhoods. Similarly, the concentration of poverty and its attendant social isolation leads to the development of speech patterns increasingly distinct from mainstream English.¹⁴ These speech differences make education, job search, and general interaction with mainstream society difficult.¹⁵

The effects of concentrated poverty can also be seen by comparing the experience of the poor living in concentrated poverty to that of poor individuals living in mixed-income communities. At least one large social experiment demonstrates that when poor individuals are freed from poor neighborhoods and provided with opportunities, their lives can change quite dramatically. Under a 1976 court order in the case of *Hills v. Gautreaux*,¹⁶ thousands of single-parent black families living in Chicago public housing have been provided housing opportunities in predominantly white middle-class suburbs. Under the consent decree in a fair housing lawsuit originally brought in 1966, more than 5,000 low-income households have been given housing opportunities in the Chicago area. By random assignment more than half of these households moved to affluent suburbs that were more than 96 percent white, while the other participants moved to neighborhoods that were poor and more than 90 percent black. The pool of *Gautreaux* families thus provides a strong sample to study the effects of suburban housing opportunities on very poor city residents.

Fertility Rates?" in *The Urban Underclass*, 321-41; Massey and Denton, *American Apartheid* 169-70; Dennis P. Hogan and Evelyn Kitagawa, "The Impact of Social Status, Family Structure, and Neighborhood on the Fertility of Black Adolescents," *American Journal of Sociology* 90, no. 4 (1985): 825-55; Frank F. Furstenburg, Jr., S. Philip Morgan, Kristen A. Moore, and James Peterson, "Race Differences in the Timing of Adolescent Intercourse," *American Sociological Review* 52 (1987): 511-18; Elijah Anderson, "Neighborhood Effects on Teenage Pregnancy," in *The Urban Underclass*, 375-98; Sara McLanahan and Irwin Garfinkel, "Single Mothers, the Underclass, and Social Policy," *The Annals of the American Academy of Political and Social Science* 501 (1989): 92.

¹² Crane, "The Effects of Neighborhoods," 274-320; Mayer, "Graduation and Teenage Fertility Rates," 321-41; Massey and Denton, *American Apartheid*, 169-70.

¹³ Massey and Denton, *American Apartheid*, 180-82.

¹⁴ John Baugh, *Black Street Speech: Its History, Structure and Survival* (Austin: University of Texas Press, 1983): 11-22; William Labov, *Language in the Inner City: Studies in the Black English Vernacular* (Philadelphia: University of Pennsylvania Press, 1972); Id., "The Logic of Nonstandard English" in *Black American English: Its Background and its Usage in the Schools and in Literature*, ed. Paul Stoller (New York: Dell Publishing Company, 1975); William Labov and Wendell Harris, "De Facto Segregation of Black and White Vernaculars," in *Diversity and Diachrony*, ed. David Sankoff, Current Issues in Linguistic Theory Series, vol. 53 (Philadelphia: Benjamins, 1986), 1-24; William Labov, *Locating Language in Space and Time* (New York: Academic Press, 1980).

¹⁵ Joleen Kirschmen and Kathryn M. Neckerman, "'We'd Love to Hire Them, But...': The Meaning of Race for Employers" in *The Urban Underclass*, eds. C. Jenks and P. Peterson (Washington, D.C.: Brookings Institution, 1991): 203-32; Roger Shuy, "Teacher Training and Urban Language Problems," in *Black American English: Its Background and Its Usage in the Schools and in Literature*, ed. Paul Stoller (New York: Dell Publishing Company, 1975): 168-85.

¹⁶ *Hills v. Gautreaux*, 425 US 284 (1976).

James Rosenbaum and colleagues from Northwestern University have intensively studied the *Gautreaux* families.¹⁷ His research established that the low-income women who moved to the suburbs “clearly experienced improved employment and earnings, even though the program provided no job training or placement services.”¹⁸ Very rapidly after the moves, the suburbanites were about 15 percent more likely to be employed.¹⁹ Rosenbaum found that the children of the suburban movers dropped out of high school less frequently than the city movers (5 percent vs. 20 percent).²⁰ Second, they maintained similar grades despite higher standards in suburban schools. Third, the children who moved to the suburbs were significantly more likely to be on a college track (40.3 percent vs. 23.5 percent²¹) and went to college at a rate of 54 percent, compared with 21 percent who stayed in the city.²² In terms of employment, 75 percent of the suburban youth had jobs compared to 41 percent in the city.²³ Moreover, the suburban youth had a significant advantage in job pay and were more likely to have a prestigious job with benefits.²⁴ Finally, 90 percent of the suburban youth were either working or in school compared with 74 percent of the city youth.²⁵

¹⁷ James Rosenbaum and Susan Popkin, “Employment and Earnings of Low-Income Blacks Who Move to Middle-Class Suburbs,” in *The Urban Underclass* eds. C. Jencks and P. Peterson (Washington, D.C.: Brookings Institution, 1991); Rosenbaum, Popkin, Kaufman, and Rustin, “Social Integration of Low-Income Black Adults in Middle-Class White Suburbs,” *Social Problems* 38, no. 4 (1991): 448-61; James E. Rosenbaum, Marilyn J. Kulieke, and Leonard S. Rubinowitz, “White Suburban Schools’ Responses to Low-Income Black Children: Sources of Successes and Problems,” *The Urban Review* 20, no. 1 (1988): 28-41; James E. Rosenbaum and Susan Popkin, “Black Pioneers: Do Their Moves to the Suburbs Increase Economic Opportunity for Mothers and Children?” *Housing Policy Debate* 2, no. 4 (1991): 1179-1213; James E. Rosenbaum and Julie Kaufman, “Educational and Occupational Achievements of Low Income Black Youth in White Suburbs” (paper presented at the annual meeting of the American Sociological Association, Cincinnati, Oh., 18 October 1991). See also Schools section below.

¹⁸ Rosenbaum and Popkin, “Employment and Earnings.”

¹⁹ Ibid.

²⁰ Rosenbaum and Kaufman, “Educational and Occupational Achievements,” 4.

²¹ Ibid., 5.

²² Ibid., 5-6.

²³ Ibid., 6-7.

²⁴ Ibid.

²⁵ Ibid. The acceptance of these poor black families in affluent, predominantly white suburbs was not painless or immediate. At the outset, about 52 percent of the suburban movers reported incidence of racial harassment, compared to 23 percent in the city. However, the incidence of harassment rapidly decreased over time. Interestingly, both the suburban and city movers reported similar amounts of neighbor support and assistance (24.8 percent suburban v. 25.0 percent city) and essentially no difference in terms of their degree of contact with neighbors. When asked whether they had friends in their new neighborhoods, the suburban movers were actually slightly more likely to have friends than the city movers. In terms of interracial friendships, the suburban movers had more than two times the number of white friends that the city movers had and slightly fewer black friends. Further, over time, the degree of integration continued for suburban movers, and resegregation did not occur.

A growing core of concentrated poverty is like a collapsing star, which as it grows denser, repels rather than attracts. As poverty concentrates and social disorganization increases, crime grows, and waves of middle-class flight, business disinvestment, and declining property values surrounding the core intensify.

As the middle class leave, there are fewer customers for local retailers and the value of local housing declines precipitously. In the poorest metropolitan neighborhoods, basic private services, even grocery stores, disappear.²⁶ Vestiges of private economy that remain charge exorbitant prices allegedly justified by the risk of doing business. Social needs and hence property taxes begin to accelerate on a declining base of values. As local property taxes become highest in the least desirable parts of the metropolitan area, the flight of the middle class and the private economy increases.

Larger industrial and service businesses are disadvantaged by high taxes, deteriorating public infrastructure, crime, loss of property value, lack of room for expansion or parking, lack of rapid access to radial highways, and the cost of urban environmental issues.²⁷ Increasingly, urban employers maintain that the work force in distressed and ghetto neighborhoods is not suitable.

As an example of these trends, during the 1960s, Chicago lost 500,000 white residents, 211,000 jobs, and 140,000 private housing units; while its suburbs gained 800,000 white residents, 500,000 jobs, and 350,000 housing units.²⁸ As the West Side of Chicago was enveloped in an expanding core of poverty during the 1960s, 75 percent of its businesses disappeared.²⁹ By 1980, the West Side's ghetto North Lawndale neighborhood included "48 state lottery agents, 50 currency exchanges, and 99 licensed bars and liquor stores, but only one bank and one supermarket for a population of some 50,000."³⁰

In the end, the lack of a social mortar necessary to hold neighborhoods together and build communities makes community development in concentrated poverty neighborhoods difficult. Programs geared at job training or creation must struggle against what Douglas Massey calls "an oppositional culture." To the extent such programs succeed, individuals—even if they are

²⁶ Gary Orfield, "Ghettoization and Its Alternatives," in ed. Paul Peterson, *The New Urban Reality* (Washington, D.C.: Brookings Institution, 1985): 163.

²⁷ John D. Kasarda, "Urban Change and Minority Opportunities," in *The New Urban Reality*, ed. P. Peterson (Washington, D.C.: Brookings Institution, 1985): 33-68; John D. Kasarda, "Urban Industrial Transition and the Underclass," *The Annals of the American Academy of Political and Social Science* 501 (1989): 26-47.

²⁸ Pierre de Vise, "Social Change," in *Chicago's Future*, ed. Dick Simpson (Champaign: Stripes Publishing Company, 1976): 113-22.

²⁹ Loic J.D. Wacquant and William Julius Wilson, "Poverty, Joblessness, and the Social Transformation of the Inner City," in *Welfare Policy for the 1990s*, eds. Phoebe H. Cottingham and David T. Ellwood (Cambridge: Harvard University Press, 1989): 92.

³⁰ Ibid.

employed in the neighborhood—often move to less poor areas.³¹ Physical rehabilitation programs, while they improve the quality of shelter and neighborhood appearance, do little to attack the underlying “tangle of pathology”³² associated with concentrated poverty.

In terms of business development, areas of concentrated poverty have great difficulty competing with developing suburbs that offer middle-class customers, low taxes, low crime rates, cheap land with increasing values, room for expansion and parking, new highways, and few contaminated industrial sites. Thus, it is not surprising that even when enormous financial resources have been devoted to enterprise zones or inner-city tax abatements, it has been very difficult to stimulate viable business opportunities that employ core residents.³³

David Rusk recently studied the effects of several of the largest and most successful Community Development Corporation (CDC) initiatives in the country. In virtually all of these areas of massive CDC investment, family and individual poverty rates substantially increased and moved further from metropolitan norms, the median household income declined and moved further away from the metro average, and the communities grew more segregated (Table 1).

In response, it is possible that CDC efforts have made these communities better than they might otherwise have been. These figures do not reflect individuals who have been empowered by CDC programs and have left poor neighborhoods. It is also true that CDC programs have often represented the only available response to concentrated poverty. However, in the end, these figures do indicate that CDC efforts are woefully inadequate in face of the enormous force of metropolitan polarization.

The foregoing demonstrates the deep need that core communities have for regional reform. The concentrated, segregated cores of the central city, inner places, and outlying

³¹ Nicholas Lemann, “The Myth of Community Development,” *The New York Times Sunday Magazine* (2 January 1994); *Ibid.*, “The Promised Land,” 109-222; Rusk, *Cities Without Suburbs*, 44-47.

³² See Wilson, *The Truly Disadvantaged* at 21.

³³ See generally Roy E. Green, ed., *Enterprise Zones: New Directions in Economic Development* (Newbury Park, CA: Sage Publications, 1991); Thomas Donlan, “Danger Zones: The Required Ingredient in an Enterprise Zone is Enterprise,” *Barron's* (22 June 1992): 10; Glenda Glover and J. Paul Brownridge, “Enterprise Zones as an Instrument of Urban Policy: A Review of the Zones in South Central Los Angeles,” *Government Finance Review* (June 1993): 15-17; Neal Peirce, “Enterprise Zones - No Great Shakes,” *National Journal* (17 July 1993): 1828; Elizabeth Larson, “Network News: Enterprise Zones Ignore the Importance of Social Networks,” *Reason* (April 1994): 17; Richard Pomp, Sandra Kanter, Kenneth Simonson, and Roger Vaughan, “Can Tax Policy be Used to Stimulate Economic Development?” *The American University Law Review* 29 no. 207 (1979-80): 207-33; Paul Kantor and H. V. Savitch, “Can Politicians Bargain with Business: A Theoretical and Comparative Perspective on Urban Development,” *Urban Affairs Quarterly* 29 no. 2 (1993): 230-255; Elizabeth Gunn, “The Growth of Enterprise Zones: A Policy Transformation,” *Policy Studies Journal* 21 no. 3 (1993): 432-49; Otto Hetzel, “Some Historical Lessons for Implementing the Clinton Administration’s Empowerment Zones and Enterprise Community Programs: Experiences from the Model Cities Program,” *The Urban Lawyer* 26 no. 1 (1994): 63-81; Jeffrey Katz “Enterprise Zones Struggle To Make Their Mark,” *CQ* (17 July 1993): 1880-83; Timothy Bartik, *Who Benefits From State and Local Economic Development Policies* (details): 17-62; Laura McClure, “Enterprise Zones Have Negligible History of Success,” *National Catholic Reporter* (13 November 1992); Glenda Glover, “Enterprise Zones: Incentives are Not Attracting Minority Firms,” *The Review of Black Political Economy* (Summer 1993): 73-99.

communities are under desperate fiscal stress. Tax-base sharing can provide the needed resources to rebuild, can encourage more competitive tax rates, and can stem the fiscal polarization that draws wealth and business to the edge of affluent suburbia. Fair housing is necessary both to provide individuals access to opportunity wherever it may exist in the region and to slowly relieve the concentration of poverty and segregation that disables older communities.

<i>TABLE 1</i>	Bedford Stuyvesant Restoration Corp., Brooklyn, NY (1967)			Marshall Heights Community Development Corp., Washington, DC (1979)			Eastside Community Investments, Inc., Indianapolis, IN (1976)			Walnut Hills Redevelopment Foundation, Cincinnati, OH (1977)			Detroit Shoreway Community Development Corp., Cleveland, OH (1973)			Anacostia Community Development Corp., Washington, DC (1969)		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
CDC Area Family Poverty Rate	24%		34%	13%	19%	17%	11%	19%	26%	35%	37%	13%	37%	13%		24%		
CDC Area Individual Poverty Rate	28%		34%	13%	17%	20%	14%	22%	28%	39%	41%	16%	39%	15%		24%		
CDC Mean Hsehold Income as % of Metro Mean	48%		50%	74%	63%	56%	73%	62%	56%	43%	44%	59%	46%	69%		49%		
CDC Area Total Households	121,767	94,879		35,080	30,981	27,976	14,295	14,161	13,051	4,511	4,229	8,412	6,261					
CDC Area % Black Population	81%		86%	92%		97%	3%	5%	13%	90%	88%	0%	8%	85%		91%		
Metro Family Poverty Rate	11%	14%	9%	6%	6%	6%	7%	7%	7%	8%	8%	9%	7%	8%	9%	6%	6%	4%
Metro Individual Poverty Rate	14%	17%	12%	8%	8%	6%	9%	9%	10%	11%	10%	11%	9%	10%	12%	8%	8%	6%
CDC Area Change in Tot Real Income (1970-90)	-7%			-15%			-20%					-49%				-19%		
CDC Area Change in Tot Real Income (1980-90)					-4%			-11%			-3%							
Metro Area Change in Tot Real Income (1970-90)																		
Metro Area Change in Tot Real Income (1980-90)																		

	New Community Corporation, Newark, NJ (1968)			Community Development Corp. of Kansas City, Kansas City, MO (1970)			Project for Pride in Living, Minneapolis, MN (1972)			Bethel Housing, Inc., Chicago, IL (1978)			Urban Edge Housing Corp., Roxbury, MA (1974)		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
CDC Area Family Poverty Rate	30%		30%	17%		26%	11%		25%	35%	37%	14%	23%	25%	
CDC Area Individual Poverty Rate	33%		31%	23%		30%	15%		26%	36%	40%	17%	24%	24%	
CDC Mean Hsehold Income as % of Metro Mean	44%		40%	62%		52%	65%		58%	57%	48%	79%	73%	76%	
CDC Area Total Households	7,107		3,613	45,227		29,214	79,081		63,487	16,192	11,852	16,061	13,744	14,375	
CDC Area % Black Population	88%		90%	48%		52%	8%		23%	98%	99%	20%	26%	29%	
Metro Family Poverty Rate	7%		7%	7%		7%	7%		6%	9%	10%	6%	7%	6%	
Metro Individual Poverty Rate	9%		9%	9%		9%	9%		8%	11%	12%	9%	9%	8%	
CDC Area Change in Tot Real Income (1970-90)	-36%			-37%			-11%					-24%			
CDC Area Change in Tot Real Income (1980-90)										-34%			-44%		
Metro Area Change in Tot Real Income (1970-90)				59%			50%								
Metro Area Change in Tot Real Income (1980-90)					26%										

Source: David Rusk, research sponsored by the Twentieth Century Fund.

III. The Diversity of Metropolitan Areas

Political pundits and scholars assert that metropolitan reforms are no longer possible because the suburbs have taken over American politics.³⁴ Representing over 50 percent of the American population and over 65 percent of the Baltimore region, clearly “the suburbs” do have great political power. However, the pundits and reformers assume that the suburbs are monolithic, with common social experiences and political needs. Nothing could be further from the truth. The experiences and needs of suburban communities are almost as diverse as the nation itself.

Likewise, central cities are richly diverse places. Just as American suburbs are not monolithic, neither are the neighborhoods that form central cities. Urban neighborhoods, like the suburbs surrounding them, range from the very elite to the very poor, and include middle- and working-class communities. While often it is the worst that a central city has to offer that receives the most notice from its suburban neighbors, central cities have a number of neighborhoods with lower poverty rates, lower rates of single-parent households, and higher median household incomes than some suburban communities. Adding to the diversity of central cities are cultural institutions, well-landscaped parks, and majestic neighborhoods with classic turn-of-the-century homes for which suburbanites will travel miles to enjoy.

A. The Sectoral Development of American Metropolitan Areas

Students of American metropolitan housing markets, from Homer Hoyt through John Adams, have demonstrated that American metropolitan areas develop in socioeconomic sectors, or wedges, that reach out from central city neighborhoods deep into suburbia.³⁵ As cities come into being, neighborhoods segment along class lines in sectors surrounding a growing central business district. The working class settle within walking distance of industrial sites. The middle class form neighborhoods “upwind (or at least not downwind)”³⁶ from heavy transport and manufacturing areas on sites close to white-collar, downtown jobs. The upper class settle in neighborhoods removed from the other two groups, often on land with attractive topographical features. Over time, these three distinct neighborhoods grow in pie-shaped wedges into the expanding city. The most rapid turnover in home-ownership occurs in middle-class housing markets as promotions and pay increases allow owners to continually move up into newer and better housing. Thus, middle-class sectors appear as asymmetrical bulges in housing market construction at the region’s periphery. The upper- and working-class housing markets have less mobility and growth. The upper-class market is small and has high amenity levels.

³⁴ Anthony Downs, in his book *New Visions for Metropolitan America* (Washington, D.C.: Brookings Institution, 1994), repeatedly outlines the necessity of sweeping metropolitan reform and then dismisses the possibility of political success because of the monolithic opposition of the suburbs.

³⁵ John S. Adams, “Housing Submarkets in an American Metropolis,” in *Our Changing Cities*, ed. John Fraser, (Baltimore: Johns Hopkins University Press, 1991): 108-26; Homer Hoyt, *The Structure and Growth of Residential Neighborhoods in American Cities* (Washington D.C.: US Government Printing Office, 1939) reprinted in 1966 with analysis of the 1960 census data; Ronald F. Abler and John S. Adams, *A Comparative Atlas of America's Great Cities: Twenty Metropolitan Regions* (University of Minnesota Press: Association of American Geographers, 1976); John Adams, *Housing America in the 1980s* (New York: Russell Sage Foundation, 1987); John S. Adams, “The Sectoral Dynamic of Housing Markets within Midwestern Cities of the United States,” in *The Geographic Evolution of the United States Urban System*, ed. John Adams.

³⁶ Adams, “Sectoral Dynamic.”

Working-class wages peak early, and a major goal in such communities is simply home ownership. In both cases, there is less need for move-up housing.

As these sectors fill out city boundaries, working-class neighborhoods extend into working-class first- and second-tier suburbs, middle-class neighborhoods into middle-class suburbs, and upper-class neighborhoods into upper-class suburbs. These patterns followed street car lines and radial access roads beyond the city into the first-tier suburbs. However, as circumferential highways became the shaping force of metropolitan development, the influence of sectoral patterns began to wane in suburbs beyond the beltways.

When a household moves to a new unit at the periphery, it creates a vacancy at its old address which is filled by another household, which leaves a vacancy at its old address and so on. The building of new housing at the periphery sets in motion vacancy chains reaching far back into the central core. Thus, the more rapid peripheral growth of middle-class sectors early on creates low demand at the center of its vacancy chain. As demand declines, so does price, which in turn leads to opportunities for the region's poor. In such a way, core middle-class neighborhoods are the first to become impoverished and ultimately ghettoized. As these neighborhoods become poorer, social and economic decline accelerate and push the middle class out at the same time the vacancy chain is pulling them. Working-class and upper-class neighborhoods, because of less growth and turnover, tend to remain stable longer than middle-class sectors. However, when they decline, they do so rapidly. Ironically, as the various classes move up and/or flee from central city areas, all the social and economic changes that occur in the core of their sectoral housing markets eventually follow them through the vacancy chains into the suburbs.

B. Local Metropolitan Subregions

The Baltimore Metropolitan Statistical Area was defined by the Census Bureau in 1990 to consist of Baltimore City, Anne Arundel County, Baltimore County, Carroll County, Harford County, Howard County, and Queen Anne's County.³⁷ The Baltimore area is different from the other American metropolitan areas that we have studied in that it contains comparatively few incorporated municipalities. In fact, both Howard and Baltimore Counties contain no incorporated cities. The only incorporated city of any size in Anne Arundel County is Annapolis, and the only three incorporated cities in Harford County are Aberdeen, Havre de Grace, and Bel Air. Carroll County, on the other hand, contains mostly incorporated towns, with all of their attendant problems of limited resources. Likewise, in Queen Anne's County, most communities have incorporated. However, Queen Anne's County does not factor into this report much as it is not very populous, with less than 36,000 persons total and with no communities of greater than 2,500 population.

Communities that, for all intents and purposes, function as cities, although they are not incorporated, are identified by the Census Bureau as "census designated places" (CDPs), and have census data published for them. There are 81 CDPs in the Baltimore metropolitan area. Thus, although there are few "cities" as such in the Baltimore area, we have been able to utilize

³⁷ While there are a number of ways in which the Baltimore metropolitan area could be defined, in this study we use the census defined metropolitan statistical area in order to be consistent with the work of other urban researchers and with our own studies of other metropolitan areas, thus making it easier to share information and to compare analyses.

this CDP census data in order to assist in the analysis of patterns of decline and growth in the Baltimore area.

We have divided up all cities and CDPs into three distinct types of suburban communities in the Baltimore metropolitan area: (1) high social need inner places; (2) high social need outer places; and (3) low social need places (Figure 2).³⁸ The Baltimore-area places were categorized into these subregions based on their 1990 ratings in three areas: female-headed households as a percentage of total households with children, percentage of children under five in poverty, and median household income.³⁹ There were twenty-seven high social need inner places, twenty-five high social need outer places, and forty-eight low social need places. The city of Baltimore was put in its own category.⁴⁰ Table 2 shows the statistics for each subregion. Only the data for people who lived in “places” (cities, towns, and CDPs) is included. Thus, the total population

³⁸ All statistics in the following section are from the US Census unless otherwise noted.

³⁹ Although other regional demographics are examined in this report, these three factors were the only ones for which data was available at the CDP or municipality level. First, for each of these three factors, a z-score for each place was determined. The z-score is the value for the place minus the average for all places divided by the standard deviation for the factor. The z-scores for female headed households and children under five in poverty were then multiplied by -1 , resulting in a positive number for a socioeconomically healthy place and a negative number for a distressed place. Using this formula, a place that was absolutely typical would fall at zero. Once z-scores were calculated for each factor, the three z-scores were added up to arrive at the master distress index for each place. Then, all places with a master distress index below one and located in Harford, Carroll, or Queen Anne’s County were assigned to the category, high social need outer places. Annapolis and Naval Academy were also put in this category. Annapolis was put in with the high social need outer places because, as an older, incorporated city, socioeconomically it is more similar to other incorporated cities in outlying Harford and Carroll Counties than it is to CDPs proximate to the city of Baltimore. Naval Academy was assigned to that category because 1) of its proximity to Annapolis and 2) according to its figures for change in medium household income, female headed household, and children under five in poverty, between 1980 and 1990 Naval Academy showed considerable socioeconomic decline. Next, all remaining places with a master distress index above zero were assigned to the category, low social need places and all remaining places with a master distress index below zero (twenty-five places) were assigned to the category, high social need inner places. Finally, because a place with a distress index just below zero (high social need by the above criteria) is more like a place with a distress index just above zero (low social need by the above criteria) than it is to a place with a very high distress index, we examined on an individual basis places with a master distress index closest to zero (between 0.5 and -0.5). In this examination we looked at whether these very average places appeared to be improving or declining socioeconomically and at the socioeconomic status of the places surrounding them. Based on these factors, four places were switched to different categories: Crownsville (distress index = -0.20) was switched from a high social need inner place to a low social need place, Randallstown (distress index = 0.22), Catonsville (distress index = 0.45), and Overlea (distress index = 0.49) were switched from low social need places to high social need inner places. Crownsville was switched because, although it had a high percentage of children under five in poverty in 1990, it had very few households with children headed by females and an above average median household income. Data was not available for Crownsville in 1980 so we were unable to determine how it had changed but it is surrounded by low social need places that improved in these factors over the decade and by 1990 were doing very well. Randallstown was switched because it had increased considerably in percentage of children under five in poverty and households with children headed by females and declined in median household income between 1980 and 1990. In addition, it is surrounded by high social need inner places that also did not do well during this period. Catonsville and Overlea were both switched because, although they both showed some socioeconomic improvement between 1980 and 1990 (Catonsville more than Overlea), they both are bordered on two sides by struggling, high social need inner places and on one side by the city of Baltimore.

⁴⁰ While the city of Baltimore is certainly as diverse as the counties, with its own pockets of wealth and low social need, it is treated here as one homogeneous entity. This is because one purpose of this report is to build coalitions among existing units of government. Highlighting the diversity of suburban counties, as opposed to the notion of the suburbs as a monolithic territory of common needs and experiences, makes evident the reasons for poorer suburban areas to support regionalism.

listed of 2,054,215 is the total population of all *places* in the region, not of the seven counties in their entirety, which have a combined population of 2,382,172.

TABLE 2: SUBREGIONS	Total	Low Social Need Places	High Social Need Outer Places	High Social Need Inner Places	Central City
Persons, 1990	2,054,215	595,819	139,658	582,724	736,014
Households, 1990	768,598	218,319	51,108	222,687	276,484
% of Region's Total Population, 1990	100%	28.4%	6.6%	29.0%	36.0%
Median Household Income, 1989	\$35,745	\$50,596	\$33,536	\$35,868	\$24,045
% Change in Median Household Income, 1979-1989	13.5%	10.2%	13.5%	5.9%	9.9%
% Children under 5 in Poverty, 1990	17.1%	3.0%	16.0%	9.0%	34.3%
Change in % Points: Children under 5 in Poverty, 1980-1990	-2.9	-1.0	-2.2	-0.4	-0.6
Female-Headed HHs with Children as a % of Total HHs with Children, 1990	28.9%	12.4%	26.0%	22.1%	49.1%
Change in % Points: Female-Headed HHs with Children, 1980-1990	+4.7	+2.3	+3.7	+6.3	+8.6

Since the Baltimore area has so few incorporated cities, much data, including tax base and crime data, is collected at the county level. Also, school districts are formed at the county level; therefore, data on free and reduced meals and non-Asian minority students is collected at the county level. Thus, while this information is not used in determining the master distress index it is instructive to look at the data for each county (Table 3).

TABLE 3: COUNTIES	Total	Anne Arundel	Baltimore County	Carroll County
Persons, 1990	2,382,172	427,239	692,134	123,372
Households, 1990	880,145	149,114	268,280	42,248
% of Region's Total Population, 1990	100%	17.9%	29.1%	5.2%
Median Household Income, 1989	\$36,550	\$45,147	\$38,837	\$42,378
% Change in Median Household Income, 1979-1989	13.1%	16.6%	5.1%	16.2%
% Children under 5 in Poverty, 1990	15.3%	6.1%	7.3%	5.0%
Change in % Points: Children under 5 in Poverty, 1980-1990	-3.0	-3.6	-0.6	-1.4
Female-Headed HHs with Children as a % of Total HHs with Children, 1990	25.9%	15.6%	19.5%	10.7%
Change in % Points: Female-Headed HHs with Children, 1980-1990	+4.4	+3.8	+4.7	+2.6
Tax Base per Household, 1994	\$167,160	\$230,426	\$173,305	\$208,344
% Change in Tax Base per Household, 1984-1994	40.7%	53.8%	32.2%	43.3%
Part I Crimes per 100,000 Persons, 1994	7,254	4,640	6,349	2,519
% Change in Part I Crimes per 100,000 Persons, 1984-1994	20.1%	6.4%	10.5%	11.5%
Jobs per 100 Persons, 1990	57.3	57.6	59.6	38.3
Change in Number of Jobs per 100 Persons, 1980-1990	+6.8	+12.3	+7.6	+7.2
Spending per Public School Student, 1995	NA	\$6,144	\$6,191	\$5,529
% Students Receiving Free and Reduced Lunch, 1995	32.2%	14.4%	23.8%	9.2%
Change in % Points: Students Receiving Free and Reduced Lunch, 1991-1995	+3.1	+2.6	+9.1	+0.8

	Harford	Howard	Queen Anne's	Baltimore City
Persons, 1990	182,132	187,328	33,953	736,014
Households, 1990	63,193	68,337	12,489	276,484
% of Region's Total Population, 1990	7.6%	7.9%	1.4%	30.9%
Median Household Income, 1989	\$41,680	\$54,348	\$39,190	\$24,045
% Change in Median Household Income, 1979-1989	13.0%	15.2%	32.4%	9.9%
% Children under 5 in Poverty, 1990	7.7%	4.1%	6.6%	34.3%
Change in % Points: Children under 5 in Poverty, 1980-1990	-3.4	-0.3	-4.1	-0.6
Female-Headed HHs with Children as a % of Total HHs with Children, 1990	13.7%	13.3%	14.5%	49.1%
Change in % Points: Female-Headed HHs with Children, 1980-1990	+2.2	+1.5	+4.0	+8.6
Tax Base per Household, 1994	\$176,572	\$269,518	\$220,055	\$90,942
% Change in Tax Base per Household, 1984-1994	45%	17.2%	44.3%	21.4%
Part I Crimes per 100,000 Persons, 1994	2,949	4,353	2,612	12,754
% Change in Part I Crimes per 100,000 Persons, 1984-1994	1.4%	-15.0%	-6.9%	50.4%
Jobs per 100 Persons, 1990	39.5	56.7	NA	62.7
Change in Number of Jobs per 100 Persons, 1980-1990	+6.7	+8.6	NA	+5.1
Spending per Public School Student, 1995	\$5,447	\$6,571	\$5,932	\$5,566
% Students Receiving Free and Reduced Lunch, 1995	17.3%	8.2%	20.4%	68.7%
Change in % Points: Students Receiving Free and Reduced Lunch, 1991-1995	+2.5	+2.3	+0.2	+1.7

1. The High Social Need Inner Places

In addition to the formula described above, a few words can be added about inner places. The socioeconomically declining inner places are communities that are fully developed and beginning to experience socioeconomic changes, sometimes moving sectorally out of the city. Twenty out of the 27 places identified as being inner places are in Baltimore County. These communities are defined by a combination of increasing social needs and, because most are in Baltimore County, comparatively low tax base. These communities often do not have sufficient social or economic resources to respond to growing social challenges. It is important to note that in older metropolitan areas of the country, as poverty and social instability crossed city/suburban lines or began to grow in old towns and cities overrun by urban sprawl, it actually began to accelerate and intensify. Many older transitioning suburbs on the south and west sides of Chicago and in communities such as Camden, New Jersey, Compton, California, and East St. Louis, Missouri suffer much more severe segregation, deprivation, and intense levels of crime than the cities they adjoin.⁴¹

There are several reasons that central cities are often better equipped to deal with high levels of poverty and social distress than are inner places. Central cities are heterogeneous and retain pockets of stability and gentrification, usually centered around institutions and social amenities ranging from universities that provide stable, related communities, to the fine arts and more popular entertainment, to a well-landscaped urban park system. These attractions interact well with unique housing stock to foster diverse stable communities. The housing stock in central cities, particularly in elite and middle-class neighborhoods, is durable and has amenities such as stone or brick exteriors, hardwood floors, and built-in cabinetry that remain fashionable and are expensive to duplicate.

The city of Baltimore already offers examples of such neighborhoods and the potential certainly exists for further development of attractive middle- and upper-income neighborhoods. The area around Harborplace and in and around Johns Hopkins University and medical complex, for example, retain appeal to older elites and young urban professionals. These areas offer interesting architecture and other public amenities, such as cobblestone streets, not found in inner places. Baltimore also offers entertainment and sports complexes such as the Mechanic Theater, Camden Yards, and the Baltimore Civic Center.

The high social need inner places, on the other hand, are homogenous and do not have elite or gentrifying neighborhoods. Their inexpensive housing on grid patterns is seldom accompanied by entertainment, amenities, or interesting architecture. Most post-World War II expansion suburbs are a collection of rapidly assembled and inexpensively constructed homes. They are not unique, and are in direct competition with more modern housing in outer-edge cities without social stress. Once these inner places become distressed, there is little potential for renewal. Instead, poverty becomes entrenched and social instability accelerates, further burdening the entire region.

2. The High Social Need Outer Places

⁴¹ Orfield and Monfort, "School Desegregation," 30; Rob Gurwitt, "Saving the Aging Suburb," *Governing* 6, no. 8 (1993): 36; Paul Glastris and Dorian Friedman, "A Tale of Two Suburbias," *US News and World Report* (9 November 1993): 32-36; Massey and Denton, *American Apartheid*, 67-74. See also Schools section below.

The high social need outer places tend to be extensions of middle- and working-class sectors and communities of new immigrants from more rural settings to metropolitan Baltimore. These communities are composed mainly of less expensive single-family homes and apartment buildings. Thus, as social and economic polarization and sprawl increase in the region, these communities, like the inner places, take on a disproportionate share of the region's social needs. When these communities are located in low tax-base counties such as Harford and Carroll, they may not have sufficient resources to fairly support basic public services.

3. The Low Social Need Places and The Favored Quarter

The “favored quarter” (a term coined by real estate consultants) dominates regional economic growth and garners a disproportionate share of the region's new roads and other developmental infrastructure. Its housing markets are highly restrictive, its social needs small and often declining. However, it has too few local workers for local jobs and traffic congestion that cannot be solved by new highways. In the low social need sector growing communities corner the market in low-density executive housing and/or business tax base with low service requirements. Fiscal zoning is the process by which communities zone or plan to develop expensive housing and/or commercial-industrial property with low service demands so as to increase their tax base per household and keep their costly social need (and taxes) down.

Christopher Leinberger and his colleagues at Robert Charles Lesser and Co. (RCL & Co.), one of the most successful real estate consulting firms in the country, have made a great deal of money locating for businesses the “favored quarter” in a given metropolitan area.⁴² These quarters are developing suburban areas that have mastered the art of skimming off the cream of metropolitan growth, while accepting as few metropolitan responsibilities as possible. RCL & Co. look for areas with concentrations of housing valued above \$200,000, high-end regional malls, and the best freeway capacity. As these communities grow affluent and their tax base expands, their exclusive housing market actually causes their relatively small local social needs to decline.

In the Baltimore region, Leinberger's favored quarter is the tract of land that surrounds Interstate 83, in the Towson area and north into central Baltimore County. This favored quarter includes places just to the north of Baltimore that we have identified as areas with high tax base and low social need—such as Towson, Luthersville-Timonium, and Mays Chapel. Leinberger also identifies two secondary favored quarters as being the Owings Mills and the White Marsh areas. The area of White Marsh has also been identified in our study as a low social need place. These secondary areas may become more important in future years as the I-83 favored quarter north of Baltimore is held back by strict zoning ordinances and limited available infrastructure.⁴³ In addition to these favored quarters identified by Leinberger, using similar techniques, our study

⁴² Robert Charles Lesser & Co. calls certain economically successful metropolitan subareas “favored quarters.” When advising major clients to locate facilities, they systematically search for subregions with the greatest presence of executive housing, high-end local retail malls, recent highway improvements, employment growth, low commercial real estate vacancy rates, and high share of regional economic growth. They judge these areas the most viable for a wide variety of business endeavors. See Christopher Leinberger, Managing Partner, Robert Charles Lesser & Co., memorandum to author, Re: Robert Charles Lesser & Co. Metropolitan Opportunity Analysis (MOA) Methodology, 16 August 1994.

⁴³ Robert Charles Lesser & Co., *Baltimore Region Overview Analysis*: 8-9.

has identified other places of low social need, predominantly located in Howard and Anne Arundel Counties.

4. The Central City: Baltimore

As mentioned earlier in this report, just as suburbs are not monolithic, neither are the neighborhoods that form a central city. However, because political reform, policy-making, and the provision of public services are carried out at the city or county level and not at the census tract level, most of the maps in this report are at the city or county level, thereby depicting the city of Baltimore as a continuous, homogenous space. In order to present a more accurate picture of the diversity of Baltimore neighborhoods, we have also included analyses at the census tract level (when possible) following the place-level maps.

IV. Demographic Findings ⁴⁴

A. Poor Children

During the 1980s, the federal poverty line did not keep up with inflation. By 1990, a single mother and her child were not poor unless they had an income of less than \$8,420.⁴⁵ Most social scientists do not think this is a measure of poverty, but of desperate poverty. Children that grow up in such poor homes have great trouble finishing high school and avoiding the criminal justice system, and will very likely represent some sort of a governmental responsibility for the rest of their lives.

In 1990, 34.3 percent of Baltimore's preschool children fell below the federal poverty line (Figures 3 and 3A). In the high social need inner places, the rate was 9 percent, and in the high social need outer places, the rate was 16 percent. In all, there were 7 suburban communities with more than 20 percent and 18 with more than 10 percent of their children in poverty. Some of the worst-off communities were outlying cities like Havre de Grace (34.3 percent), Annapolis (24.0 percent), Aberdeen (16.7 percent), and Edgewood (13.8 percent). But there were some inner places with significant childhood poverty, like Essex (20.2 percent), Middle River (16.6 percent), and Garrison (15.1 percent). On the other hand, the affluent, low social need places did not have many children in poverty at all, with an average rate of 3 percent.

⁴⁴ The maps presented in this section were created using geographic information system (GIS) software. This program attaches to a geographic base map, data stored in a separate database. The data source for each map is noted on the map. Also, the break points, or color categories, on each map were determined using a quartile method of data classification. With this method the data are split at the first, second, and third quartiles, resulting in four categories with a roughly equal number of places in each. The benefit of using this method of data classification is that on every map the "worst off" quartile can be depicted in the same color category (red), as can be the "best off" quartile (dark blue) and the middle two quartiles (orange and light blue). For example, in a glance, one can know that a dark blue place on the median household income map, has a median household income that is among the top 25 percent of all household incomes in the region. The downside to this method of determining category ranges is that it results in different break values on each map. It is, however, a much more objective method than, for example, choosing even value ranges with break points at whole numbers.

⁴⁵ Family of three: \$10,560; family of four: \$12,700. (Federal Register 1990, vol. 55, no. 33: 5665.)

Harford County had the highest rate of preschool children in poverty of all the counties, at 7.7 percent. Baltimore County was close behind at 7.3 percent. The county with the lowest level of childhood poverty was Howard County at 4.1 percent.

As childhood poverty swept across city/suburban borders, in many inner places and outlying communities it tended to grow more rapidly than in the central city (Figure 4). In terms of the change in the level of childhood poverty over the decade, the Baltimore metropolitan area, became less poor, moving from 18.3 to 15.3 percent preschool poor children. During this period, the city of Baltimore also declined slightly, going from 35 percent to 34.3 percent children in poverty. The outlying communities dropped from 18.2 percent poverty to 16 percent. While the inner places as a whole also declined slightly in poverty, many communities experienced a very rapid increase. For example, Cockeysville increased from 3.3 percent of its children under 5 in poverty to 12.3 percent. Similarly, Middle River went from 10.5 to 16.6 percent poor children, and Lochearn from 4.2 to 9.3 percent. In all, 39 communities experienced an increase in the percentage of preschool children in poverty.

The low social need suburbs' low poverty rates in 1980 dropped even lower—dropping from 4 percent to 3 percent. In this light, there were sixteen communities with less than one percent poor preschool children and twenty-four with less than two percent. Forty communities out of the 88 communities for whom change in poverty could be calculated experienced a decrease in the percentage of children under 5 in poverty. Some of the most striking decreases in the percentage of children in poverty took place in low social need places such as Maryland City (16.7 to 2 percent), Riviera Beach (14 to 2.3 percent), and Green Haven (9.7 to 2.1 percent).

B. Female-Headed Households

An extraordinary forty-nine percent of the total households with children in Baltimore were headed by females (Figures 5 and 5A). The entire metropolitan area had a very high rate of 28.9 percent, but no sub-area came close to Baltimore (49.1 percent). The high social need outer places had the next highest rate, with 26 percent, the inner places came next at 22.1 percent, with the low social need places last at 10.1 percent. There were twenty-eight suburbs with rates of 20 percent or greater. These included outer communities such as Annapolis, Havre de Grace, and Aberdeen, as well as inner places like Milford Mill, Essex, and Owings Mills. In the low social need suburbs, communities such as Bel Air North (7.1 percent), Lake Shore (7.6 percent), and Severna Park (8.1 percent) had few non-traditional families. In all, there were 23 communities with less than 10 percent of their households with children headed by single mothers.

Over the decade, Baltimore's percentage of households with children headed by females increased substantially, from 40.5 to 49.1 percent (Figure 6). Besides Baltimore, the most rapidly growing sub-area was the high social need inner places, which increased by 6.3 percentage points, moving from 15.9 percent to 22.1 percent. The map shows a very distinct pattern of increasing numbers of female-headed households in the inner places directly to the east and directly to the west of Baltimore. The high social need outer places also increased, from 22.3 percent to 26 percent. Some of the most rapidly increasing communities included Lochearn (15.2 to 29.6 percent), Essex (20.6 to 30.7 percent), Ferndale (11.4 to 21.5 percent), and Milford Mill (23.6 to 32 percent).

The low social need places' rating on this measure increased over the decade from 10.1 to 12.4 percent. There were only nine communities that experienced a decrease in female-headed households, but the majority of these were low social need places. These included Mount Airy (17.6 to 12.6 percent), Hampton (11.7 to 7.1 percent), and Deale (11.9 to 10.5 percent).

At the county level, Baltimore County had the highest percentage of female-headed households, at 19.5 percent. Carroll County had the lowest, at 10.7 percent. Not only did Baltimore County have the highest value on this measure of the six counties, it also had the most rapid increase in female-headed households, increasing by 4.8 percentage points from 1980 to 1990 (14.7 percent to 19.5 percent). Howard County had the lowest rate of increase, increasing by 1.5 percentage points from 11.8 percent to 13.3 percent.

C. Median Household Income

The 1989 median household income for Baltimore was \$24,045 (Figures 7 and 7A). The high social need inner places were at \$35,868, and the high social need outer places were at \$33,536. The low social need places were at \$50,596, more than twice Baltimore's median income. The median household income for the entire Baltimore metropolitan area was \$36,550. Thus, both the high social need inner places and the high social need outer places were below the median income for the metro area.

There is a strong concentration of low-income cities to the east of Baltimore. First, in the inner region, one finds communities such as Essex at \$27,486, Middle River at \$30,747, and Dundalk at \$31,120. Then, farther out in Harford County, places such as Havre de Grace at \$26,678, Aberdeen Proving Ground at \$29,423, and Aberdeen at \$30,043 continued the trend. In all, there were 36 communities with median household incomes below the metropolitan area's median household income. Virtually all were struggling inner places or outlying communities. On the other hand, there were 20 cities with median incomes above \$50,000 and 4 above \$60,000. The community with the highest median household income in the Baltimore region was Hampton at \$67,778.

During the 1980s, Baltimore's median income, adjusted for inflation, increased by 9.9 percent (Figure 8). The high social need outer places had the greatest increase, 13.5 percent, while the low social need places also increased substantially, by 10.2 percent. The inner places had the smallest increase, 5.9 percent, quite a bit below the metropolitan average of 13.1 percent. This map shows a particularly distinct pattern of income losses in the inner-ring suburbs around Baltimore. For example, Dundalk (10.3 percent loss), Essex (9.1 percent loss), and Brooklyn Park (3.9 percent loss) are all located in the inner ring around Baltimore.

The low social need places had an increase in median income, moving from \$45,900 to \$50,596. The pattern of the biggest increases in median household income is more spread out than that of the losers. Some of the biggest winners included Herald Harbor in Anne Arundel County (64.2 percent increase), Savage-Guilford in Howard County (42.8 percent increase), and Jarrettsville in Harford County (34.8 percent increase).

At the county level, Baltimore County had both the lowest suburban median income (\$38,837) and the lowest increase in income. The metropolitan area's change in median income was 13.1 percent—Anne Arundel, Carroll, Harford, and Howard Counties were all fairly near this figure. Perhaps as a sign of rapid urbanization, Queen Anne's County's increase was

considerably above this at 32.4 percent, but even with this increase, it was still the second poorest county after Baltimore County. Baltimore County, with an increase of 5.1 percent, had a rate of increase even below the city of Baltimore.

D. Schools

Schools are the first victim and the most powerful perpetuator of metropolitan polarization. Local schools become socioeconomically distressed before neighborhoods themselves become poor. Hence, increasing poverty in a community's schoolchildren is a prophecy for the community. First, the community's children often become its adults. Second, middle-class families, who form the bedrock of stable communities, will not tolerate high concentrations of poverty in their schools, and frequently depart in search of better educational opportunities for their children.

The results can be clearly seen in and around places where there is dramatic flight from the schools. The central city and high social need, inner suburban places of Baltimore County struggle under a disproportionate share of concentrated poverty and segregation. These schools and those in high social need, outlying communities, particularly in Harford and Carroll counties, developing without sufficient property tax base face increasing social and academic challenges, often with the lowest per-pupil spending in the region. On the other hand, affluent, low social need, suburban systems in Howard and Anne Arundel counties enjoy insulated, stable prosperity financed by local business growth.

Just as concentrated poverty in schools destabilizes communities, it has a very negative effect on individual access and achievement. Schools are not just instruction and textbooks, but, like neighborhoods, represent a series of reinforcing social networks that contribute to success or failure.⁴⁶ Fast-track, well-funded suburban schools are streams moving in the direction of success, with currents that value hard work, goal setting, and academic achievement.⁴⁷ Monolithically poor central city or inner-suburban schools are streams moving toward failure, with currents that reinforce anti-social behavior, drifting, teenage pregnancy and dropping out.⁴⁸

In this report, we present data both at the school district level and at the individual elementary school level. The Baltimore metropolitan region has only seven school districts, one

⁴⁶ Jomills Braddock II and James McPartland, "The Social and Academic Consequence of School Desegregation," *Equity & Choice* (February 1988): 5; see also Gary Orfield and Carole Ashkinaze, *The Closing Door: Conservative Policy and Black Opportunity* (Chicago: University of Chicago Press, 1991): 131; James Rosenbaum, Marilyn Kulieke, and Leonard Rubinowitz, "Low-Income Black Children in White Suburban Schools: A Study of School and Student Responses," *Journal of Negro Education* 56, no. 1 (1987): 35; Rosenbaum, Kulieke, and Rubinowitz, "White Suburban Schools."

⁴⁷ Ibid.

⁴⁸ Ibid.; Susan E. Mayer, "How Much Does a High School's Racial and Socioeconomic Mix Affect Graduation and Teenage Fertility Rates?" 321-41 in *The Urban Underclass*, eds. C. Jencks and P. Peterson (Washington, D.C.: Brookings Institution, 1991); Jonathon Kozol, *Savage Inequalities: Children in America's Schools* (New York: Harper Perennial, 1991); Robert Crain and Rita Mahard, "School Racial Composition and Black College Attendance and Achievement Test Performance," *Sociology of Education* 51 no. 2, (1978): 81-101; Peter Scheirer, "Poverty, Not Bureaucracy: Poverty, Segregation, and Inequality in Metropolitan Chicago Schools," (Metropolitan Opportunity Project, University of Chicago, 1989).

for each of the six counties and for Baltimore City itself. Thus, it is necessary to look at individual elementary schools in order to discover trends occurring at the sub-county level.

1. Free and Reduced-Cost Meals

Most social scientists use free and reduced-cost lunch statistics to measure children in poverty. They believe that it is more realistic than federal poverty standards. Children are eligible for reduced lunch if their families' income level is not above 185 percent of the federal poverty level, and they are eligible for free lunch if their income is not above 130 percent of the poverty level.

At the school district level, the percentage of school children eligible for free or reduced cost meals in 1995 ranged from 68.7 percent in the Baltimore City school district to 8.2 percent in Howard County (Figure 9).⁴⁹ Among the suburban districts, Baltimore County (23.8 percent) had both the highest percentage of poor children and the most rapid increase in school poverty. As recently as 1992, Baltimore County ranked fourth in the region, with only 14.7 percent of its students eligible for free and reduced meals. Its increase of 9.1 percentage points in just 4 years is by far the largest increase and is quite dramatic given the size of the district. Other school districts with high percentages of eligible students in 1995 include Queen Anne's (20.4 percent) and Harford (17.3 percent). Howard (8.2 percent), Carroll (9.2 percent), and Anne Arundel (14.7 percent), all composed primarily of either low social need places or outlying communities, have the lowest percentages in the region.

At the elementary school level, the disparities are even more apparent (Figure 10).⁵⁰ In the city of Baltimore in 1995, there were fourteen schools with more than 95 percent of students receiving free and reduced meals. In fact, out of more than 100 elementary schools in Baltimore, there were only 14 with a minority of students receiving free and reduced meals. Howard County represents the other end of the spectrum, where the majority of elementary schools had less than 10 percent students receiving free and reduced meals in 1995. In fact, two Howard County schools, Waterloo and Manor Woods, had no children at all receiving free and reduced meals. Schools with high percentages of free and reduced meal recipients are concentrated in Baltimore City, but are not limited to the city. There are also marked concentrations of such schools in areas of Baltimore County, Anne Arundel County, and Harford County. Examples of suburban schools with high percentages of free and reduced meal recipients include Van Bokkelen in Severn at 84.9 percent, Sandalwood and Deep Creek in Essex at about 79 percent, and Halls Cross Roads in Aberdeen at 75 percent.

⁴⁹ All school district-level free lunch statistics from Division of Planning, Results, and Information Management, Maryland State Department of Education, *Maryland School Performance Report, 1992* (Baltimore, 1992); *Maryland School Performance Report, 1995* (Baltimore, 1995).

⁵⁰ Elementary school-level free and reduced lunch statistics sources: 1995 Anne Arundel County, Baltimore County, Harford County, and Howard County data from spreadsheet provided by Maryland Food Committee, 5/6/96; 1994 Carroll County data from spreadsheet provided by Carroll County Public Schools, 6/14/96; 1994 Baltimore City data from *Maryland School Performance Program Report, 1995 School System and Schools - Baltimore City*, Baltimore City Public Schools.

2. Non-Asian Minority Students

As poverty concentrates so does the racial segregation of non-Asian minority students. The school district for the city of Baltimore had 84.2 percent non-Asian minority elementary students in 1995 (Figure 11).⁵¹ Among the suburban districts, Baltimore County had the highest percentage (26.3) and the most rapid growth in the percentage of non-Asian minority students. Between 1991 and 1995, the percentage of non-Asian minority students in Baltimore County increased from 19.4 to 26.3 percent. This increase of 6.9 percentage points is nearly 3 times the increase experienced during that period by the nearest district, Baltimore City (2.4 percentage point increase). The remaining school districts had lower percentages, ranging from Anne Arundel at 19.6 percent, to Carroll, which had only 3.0 percent non-Asian minority elementary students.

The pattern of segregation becomes very clear when we examine the data at the elementary school level (Figure 12). Ninety-six of the 114 Baltimore City elementary school zones studied had greater than 50 percent non-Asian minority enrollment in 1995; 82 of those schools were more than 80 percent non-Asian minority. In Baltimore County, 18 schools had greater than 50 percent non-Asian minority enrollment in 1995; eight schools were greater than 80 percent non-Asian minority. The number of high-percentage minority schools in Baltimore County is much lower than it is in Baltimore City; however, most of those schools are in a cluster which lies to the west of Baltimore City, in places like Milford Mill, Randallstown, and Lochearn. A much smaller cluster lies in and around Annapolis (seven schools greater than 50 percent; three greater than 80 percent) in Anne Arundel County. The remaining counties are at the opposite end of the spectrum. There is only one elementary school in Howard County with more than 50 percent non-Asian minority students (Talbot Springs in Columbia, with 56 percent), and there are none in Carroll and Harford counties.

Many of these high percentage non-Asian minority schools have seen their minority populations rise dramatically in just the past few years (Figure 13). The Randallstown area in Baltimore County contains five elementary schools which had non-Asian minority population growth of more than 20 percentage points in four years, from 1991 to 1995. Altogether, Baltimore County contains 30 elementary schools which increased their non-Asian minority populations by at least 7 percentage points from 1991 to 1995. Baltimore City schools, already highly segregated, still had 4 schools with greater than 20 percent growth and 23 with increases of greater than 7 percent. Most of these schools are located in the eastern neighborhoods such as Dundalk and Patterson Park East, and also in the northeast parts of the city, such as in the Belair-Edison neighborhood. Howard County had a cluster of eight schools in and around Columbia which showed greater than 7 percent increase. However, that was balanced by the nine schools which saw a reduction in their percentage of non-Asian minorities. At the low end, Carroll County's greatest increase was 5 percent; in fact, over 40 percent of the county's elementary schools actually had lower percentages of non-Asian minority students in 1995 than they had in 1991.

⁵¹ All elementary racial statistics from Division of Planning, Results, and Information Management, Maryland State Department of Education, *Grade Organization: Enrollment by Race Ethnic Categories, Professional Staff at School Level, September 30, 1991* (Baltimore); *Grade Organization: Enrollment by Race/Ethnicity and Professional Staff at School Level, September 30, 1995* (Baltimore, 1996)

3. The Flight of White Preschool Children

The best available method to track white, school-related flight on the census tract level is to calculate the net loss of preschool white children between census periods. Because of the high correlation between being white and middle-class, it is also a reasonably good surrogate for middle-class family flight. In 1980 there were 17,663 white preschool children from 0 to 4 years old in Baltimore City. Ten years later, there were only 12,010 white children remaining between 10 to 14 years old. Thus, during the 1980s, Baltimore City experienced a net loss of 32 percent of its 1980 white preschool children (Figure 14). There were only 10 out of 93 census tracts (with available data) in the city of Baltimore that were able to retain their white preschool children of 1980. Also hard hit was Baltimore County, which showed losses of white children in over half of its census tracts, mostly in the western and eastern inner suburbs. Especially hard hit was Milford Mill, whose four census tracts showed losses of white children that ranged from 47 to 67 percent.

On the other hand, the low social need and middle-income regions gained a good deal more white children than had been born there a decade before. Of the 12 Howard County census tracts that had data available, 10 of them showed increases in white children, including three census tracts that gained 100 percent or more. While the data for Carroll County did not reveal any dramatic increases in any one single census tract, they did show steady increases across the board, with 18 of the county's 19 census tracts with data available showing increases in the population of white children. Anne Arundel showed mixed results, with 25 census tracts losing white children and 39 gaining, including eight with gains of 100 percent or more. Harford County had gains in 24 of 35 census tracts, including five tracts with gains of more than 100 percent. (Census tract level data was not collected in 1980 for Queen Anne's County.)

E. Crime

In 1995, the crime rate for all of Baltimore City was 13,130 Part I crimes and 3,047 violent crimes per 100,000 residents (Figure 15).⁵² The crime rate within the city was highest in those communities in and around the core of poverty. Downtown North and South (89,120 / 14,719 per 100,000), Jonestown (25,203 / 6,727 per 100,000), and West Baltimore (15,853 / 5,912 per 100,000) all had crime rates well above the citywide rates. On the opposite end of the spectrum, the crime rates in the northeast and west-southwest middle-class sections were well below the city rates. Hamilton (6,912 / 1,065 per 100,000) and Upper Northwood (7,570 / 1,546 per 100,000) in the northeast and Beechfield-Irvington (8,214 / 1,386 per 100,000) in the west-southwest were communities with some of the lowest crime rates in the city. On the other hand, while the crime rates in these areas were low compared to the core of poverty, they were much higher than they had been ten years before, especially in the northeast. Hamilton saw an 81.1 percent increase in the amount of Part I crime, and a 92.9 percent increase in the amount of violent crime, over what it had seen in 1985. Upper Northwood saw an 83.9 percent total / 85.7 percent violent increase.

⁵² All Baltimore City crime data from the Management Information Services Division, Baltimore City Police Department. The Part I crime category includes murder, rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson (*Crime in Maryland, 1994 Uniform Crime Report*, Maryland State Police, Central Records Division, Uniform Crime Reporting Section: 7-8). The violent crimes category consists of murder, rape, robbery, and aggravated assault (*Crime in Maryland, 1994 Uniform Crime Report*, Maryland State Police, Central Records Division, Uniform Crime Reporting Section: 17).

Crime rates also increased in the high social need inner places surrounding Baltimore City. Baltimore County's Part I crime rate increased 10.5 percent from 1984 to 1994 (Figure 16), and the violent crime rate went up 9.7 percent.⁵³ Anne Arundel County also experienced increases, especially in violent crime, which increased by 13.7 percent. Meanwhile, the crime rate was decreasing in the low social need areas. Part I crime rates in Howard County dropped by 15 percent in ten years; violent crime rates decreased by 18.5 percent in Carroll County.

F. Infrastructure

Pundits say regionalism is impossible in America. But in terms of over a billion dollars of transportation spending, regionalism has been going on for at least twenty years. Between 1985 and 1995, the Baltimore Metropolitan Council, the regional governing structure for the Baltimore metropolitan area, in conjunction with the Maryland Department of Transportation (MDOT) and the United States Department of Transportation, allocated \$1.55 billion to highway infrastructure improvements. This was money that belonged equally to every citizen of the Baltimore region. Where did it go? Predictably, it flowed south and west to the growing economies of Anne Arundel and Howard Counties, and to a lesser degree to outlying Baltimore County (Figure 17).

Of the \$1.55 billion total, over \$719 million was spent in Anne Arundel County alone and \$161 million in Howard.⁵⁴ Thus almost 60 percent of the region's infrastructure resources were spent to aid in the development of these fast-growing counties. \$328.7 million of the \$402 million spent on improvement projects for U.S. Highway 50/301 was used in Anne Arundel; another \$115.9 million was spent on a project to widen I-97 from south of State Highway 100 in Severna Park down to State Highway 178. Nearly \$192 million was spent on eight separate improvement projects for State Highway 32, running through Odenton and Fort Meade in Anne Arundel and continuing through Jessup, Savage-Guilford, and Columbia in Howard County. Another \$133 million was spent in Howard County on a variety of other projects, including improvements to Interstate 95 in Elkridge and work on State Highways 29 and 100 in Columbia and Ellicott City.

Almost \$200 million was spent in Baltimore City, all of it on improvements to I-895 and I-95 south of downtown. \$124.5 million of that money was spent constructing the Fort McHenry Tunnel, which, it can be argued, was done to aid suburbanites in their fast passage through the city. Over \$97 million was spent in Baltimore and Anne Arundel counties to improve I-195, which links I-95 to the airport. The only major roadwork programs that did not lie to the south and southwest of Baltimore City were a \$198.7 million expansion and extension of Interstate 795 in Baltimore County, from I-695 along the Randallstown/Pikestown border through Garrison and Owings Mills and ending in Reisterstown, and \$77 million that was spent making improvements to Interstate 95 through Bel Air South, Edgewood, Joppatowne, and White Marsh, in Harford and Baltimore counties.

⁵³ All county crime figures from Central Records Division, Uniform Crime Reporting Section, Maryland State Police, *Crime in Maryland, 1984 Uniform Crime Report* (1985); *Crime in Maryland, 1994 Uniform Crime Report* (1995).

⁵⁴ All highway spending figures from the Maryland Department of Transportation, Office of Systems Planning and Evaluation.

Seven hundred thirty-six million dollars is scheduled to be spent on highway improvements in the Baltimore region between 1996 and 2001 (Figure 18). Again, a large proportion of that amount will be spent on roads in the south and southwest parts of the area. \$105.5 million will be spent on continued improvements to I-97 in Anne Arundel, this time on the section running south from I-695 to State Highway 100, through Ferndale. \$296 million is scheduled to be spent on improvements to a long stretch of State Highway 100, starting at I-97 in Anne Arundel County and ending at State Highway 29 in Ellicott City in Howard County. Another \$56 million will be spent in Howard County to finish up the State Highway 32 improvements. Altogether, over \$525 million will be spent over the next five years on highway improvements in Anne Arundel and Howard counties.

The continual increase in highway capacity intensifies the mismatch between the location of jobs and workers and the overall socioeconomic polarization occurring between the central city, inner places, and outlying communities on one hand, and the low social need places on the other.⁵⁵ The urban planner Robert Cervero at Berkeley has shown that upwards of forty percent of the automobiles that clog highways at rush hour are driven by people who cannot afford to live close to their work.⁵⁶ He suggests fair housing, including the removal of barriers to affordable housing, as one of the most important ways to reduce freeway congestion.⁵⁷

G. Sprawl and Land Use

The combination of a vast supply of developmental infrastructure and restrictively zoned communities creates a particularly low-density, economically inefficient, environmentally dangerous land use pattern. A city's urbanized area consists of the central city and its adjacent urban fringe, including all territory settled at the density of at least 1,000 persons per square mile. A large part of the Baltimore urbanized area is found in Baltimore County, but also includes parts of Howard, Anne Arundel, and Harford Counties (Figure 19). Between 1980 and 1990, the population of the Baltimore urbanized area grew by 7.7 percent while the size of the urbanized area grew by 13.3 percent. This brought the overall population density of the Baltimore urbanized area down from 3,357 persons per square mile to 3,190 persons per square mile. The low-density development increasing the size of the urbanized area in this manner was mostly found in Howard and Harford Counties. Similarly, the Annapolis urbanized area's population grew by 21.9 percent, while its land area grew by 26.2 percent. The Annapolis area experienced a good portion of its low-density development along the shorefront.

⁵⁵ Yale Rabin, "Highways as a Barrier to Equal Access," *Annals of the American Academy of Political Science* (1974). See generally Metropolitan Planning Council of Chicago, "Trouble in the Core."

⁵⁶ Robert Cervero, "Jobs-Housing Balance and Regional Mobility," *American Planning Association Journal* (Spring 1989): 136 Citistates; Id., "Jobs-Housing Balance as Public Policy," *Urban Land* (October 1991): 10. John Williams, a researcher for the Minnesota House of Representatives has duplicated the research of Cervero in this metropolitan area and found very similar results.

⁵⁷ Ibid.

H. Fiscal Disparities

1. Overview

When the property tax is a basic revenue source for local governments with land-planning powers, fiscal zoning occurs as jurisdictions compete for property wealth. Through fiscal zoning, cities deliberately develop predominantly expensive homes and commercial-industrial properties with low social service needs.⁵⁸ In such a way, they wall out social needs associated with lower-cost housing and keep demands on tax base low. Taxes are further reduced by spreading these controlled needs over a broad rich property tax base.

The dynamic of fiscal zoning creates three sets of mutually reinforcing relationships. First, the residentially exclusive suburbs with low tax rates continue to attract more and more business, the presence of which continually lowers the overall tax rate. Because of low social needs, these cities can provide a few high quality local services. School districts in these cities thrive by educating a pool of upper-middle class students off a rich tax base with low tax rates.

Another reinforcing relationship involves those cities with increasing social needs that lead to both declining consumer demographics and increased taxes. Both of these factors are large negatives in terms of business location and retention. Often, core cities and school districts spend a great deal on unsuccessful efforts to become more socioeconomically stable, as their tax base evaporates out from under them.

The third relationship concerns the developing suburbs that lose the battle of fiscal zoning. Because they have not yet attracted business or executive housing, these communities must pay for their schools, police, parks, curbs, and gutters with fewer resources. To keep taxes from exploding, they are forced to abandon long-range thinking and frantically build the lower-valued homes and multi-family units rejected by the wealthier suburbs. As a council member from a northern low tax-base Twin Cities suburban community told me, "In order to pay the bills, we build whatever is left. Hell, we'll build anything that moves." These decisions, in the long run, catch up with working-class suburbs and they become the declining suburbs of tomorrow. Further, in a perhaps futile attempt to remain competitive in tax terms, working-class developing communities often suppress local expenditures on public services, particularly on schools.

The increase of property wealth in some low social need places and the stagnancy or decline of values in the central city, the high social need inner places, and the high social need outer places represents, in part, an interregional transfer of tax base. As such, the loss of value in older poorer communities is one of the costs of economic polarization and urban sprawl. Regions spend billions of dollars building infrastructure such as schools, freeways, and sewers which add enormous value to affluent communities in developing parts of the region. To the extent that these public expenditures serve to transfer value, they are wasted. Adding to this dysfunction, the infrastructure of new cities is paid for by taxes and fees levied on the residents and businesses of the older parts of the region.

⁵⁸ D. Winsor, *Fiscal Zoning in Suburban Communities* (1979); B. Rolleston, "Determinants of Restrictive Suburban Zoning: An Empirical Analysis," *Journal of Urban Economics* 21 (1987): 1-21; M. Wasylenko, "Evidence of Fiscal Differentials and Intrametropolitan Firm Relocation," *Land Economics* 56 (1980): 339-56; Cervero, "Regional Mobility."

2. Counties

In the Baltimore region, in the areas where social needs are highest, overall tax base is comparatively low. The overall average tax base per household in 1994 in the Baltimore region was \$167,160 (Figure 20).⁵⁹ The city of Baltimore was at \$90,942, substantially below the regional average. Besides Baltimore City, the counties poorest in tax base were Baltimore County at \$173,305 and Harford County at \$176,572. The counties richest in tax base were Howard County at \$269,518 and Anne Arundel County at \$230,426. The data are very similar for residential tax base, indicating where high- and low-value housing is located. Again, the city of Baltimore, at \$37,030, was way below the average residential tax base per household of \$91,169. Howard County (\$154,958) was the county with the highest residential tax base per household, followed closely by Queen Anne's County and Anne Arundel County. As with overall tax base per household, Baltimore County (\$93,086) and Harford County (\$105,483) had the lowest residential tax bases per household of the six counties.

The Baltimore region experienced a 40.7 percent increase in overall tax base per household from 1984 to 1994, from \$118,814 in 1984 (in 1994 dollars) to \$167,160 in 1994 (Figure 21). Here, Howard County grew the slowest, with an increase of only 17.2 percent. Even though Howard County's tax base per household did not increase much during this time span, it still remained the highest tax base county of the region, since it started out so far ahead of the rest. The city of Baltimore had the next slowest growth at 21.4 percent, with Baltimore County next at 32.2 percent. The fastest growing county was Anne Arundel at 53.8 percent.

Residential property values rose slightly faster than overall property values from 1984 to 1994. The region experienced a 49.6 percent increase in residential tax base per household, from \$60,949 to \$91,169. Again, every county grew in this measure, particularly Carroll County, increasing 57 percent from \$81,020 to \$127,228, and Queen Anne's County, increasing 54.9 percent from \$93,067 to \$144,171. Baltimore city was the slowest grower, moving up 25.9 percent from \$29,408 to \$37,030. Baltimore City was followed by Howard County at 33.4 percent growth and Baltimore County at 39.3 percent growth as the slowest growers.

When looking at the increase in overall tax base, without factoring in the increase in households, one can see the tremendous growth in property value happening in parts of the region. Since the Baltimore region gained households at the rate of 14.9 percent from 1980 to 1990, and the new households were added in an uneven pattern over the region (greatly increasing the population of Howard County, but also Queen Anne's, Carroll, and Harford counties), the new surge in number of households in these counties can deflate their 1994 tax base per household figures compared to 1984. Thus, when looking at pure growth in tax base from 1984 to 1994, Queen Anne's County was the leader, moving from \$1.3 billion to \$2.7 billion, a 104.8 percent increase. Also with growth around 100 percent were Howard County (\$9.2 to \$18.4 billion), Carroll County (\$4.4 to \$8.8 billion), and Harford County (\$5.6 to \$11.1 billion). The city of Baltimore increased its total tax base by only 19.1 percent, and Baltimore County also experienced comparatively slow growth in total tax base, with an increase of 49.5 percent.

⁵⁹ All tax base figures from Maryland State Department of Assessments and Taxation.

Likewise, when looking at the rise in residential tax base, Howard County has much higher growth in pure residential tax base (128 percent, the highest value) than it did in increase in residential tax base per household. The pattern of overall residential values is much the same as total values, with the city of Baltimore experiencing the smallest increase (23.5 percent), and Baltimore County also substantially lower than the rest at 57.5 percent.

I. Jobs

1. Overview

The Baltimore Metropolitan Council tracks jobs in the Baltimore region by 94 areal units called regional planning districts (RPDs). Each county is divided into these RPDs, with the exception of Queen Anne's County, which is not under the jurisdiction of the BMC, and for which we do not have jobs figures. The BMC forecast in 1994 that the Baltimore area would have an average of 59 jobs per 100 persons in 1995 (Figure 22).⁶⁰ After the RPD containing the Baltimore Washington International Airport (Friendship), the RPD with the highest number of jobs per persons was the downtown Baltimore RPD, Metrocenter (population 14,460), with 1,030 jobs per 100 persons. Other areas forecast to have a high number of jobs per capita included the suburbs north of Baltimore, such as the Towson RPD (population 61,990) with 132 jobs per 100 persons, and the Cockeysville RPD (population 24,360), which includes parts of Luthersville-Timonium, with 208 jobs per 100 persons, the Fort Meade RPD (population 12,150), which extends southwest of Fort Meade to the Anne Arundel county line, with 287 jobs per capita, and the Annapolis RPD (population 34,430) with 127 jobs per capita. Areas expected to have the fewest jobs per capita included the inner suburban RPD of Stewart Corner (population 40,920), which takes in Severn, Jessup, and parts of South Gate, with 18 jobs per 100 persons, and outlying areas in all counties. For example, three RPDs across northern Baltimore and Harford Counties had a combined population in 1995 of 42,490 and an expected 17 jobs per 100 persons. RPDs on Baltimore's west and northeast sides had the fewest jobs per capita in the region: Govans-Northwood (population 33,670) had 14 jobs per capita and Ten Hills (population 15,370) had 12 jobs per 100 persons.

The Baltimore metropolitan region experienced an increase of 6.8 jobs per 100 persons from 1980 to 1990 (Figure 23). The city of Baltimore as a whole gained the fewest jobs per 100 persons (5.1). Harford County gained 6.7 jobs per 100 persons. Carroll and Baltimore Counties gained 7.2 and 7.6 jobs per 100 persons respectively. Howard County gained 8.6 jobs per 100 persons, while Anne Arundel County gained the most jobs per 100 persons at 12.3. There were 27 RPDs that actually lost jobs. Eleven of these RPDs were in the city of Baltimore itself. Seven RPDs lost more than ten jobs per 100 persons, three were in the city of Baltimore and four were in the inner suburbs. These included Security RPD (population 34,295, covers parts of Woodlawn and Catonsville) which increased slightly in population but not enough to keep up with job loss, went from 139 to 114 jobs per 100 persons and Edgemere RPD (population 9,203), which lost over 10,000 jobs while its population stayed roughly the same, went from 250.1 to 133.2 jobs per 100 persons. Other areas that lost jobs were Marley Neck, a southern inner ring suburb that went from 56 to 47 jobs per 100 persons, and Harrisonville, west of Randallstown, which went from 51.2 to 29 jobs per 100 persons—both areas lost over 800 jobs while their

⁶⁰ All jobs data from Baltimore Metropolitan Council, "Round V: Cooperative Forecasts", 1994.

population remained roughly the same. Overlea, an eastern inner ring suburb, went from 26 to 20 jobs per 100 persons—it lost some population (over 600 people) but lost twice as many jobs.

Although Howard County appears to have some job loss, it is in places in which the number of jobs is actually increasing, but just not keeping up with the rate of population increase. For example, Elkridge, shows a decrease in jobs per capita—from 64.9 to 55.6 jobs per 100 persons—because it gained over 4,000 jobs between 1980 and 1990 but gained nearly 10,000 people. Likewise, Clarksville—which went from 59.3 to 51.9 jobs per 100 persons—gained over 1,000 jobs but increased in population by nearly 4,000 people. Ellicott City—which went from 56 to 55.1 jobs per 100 persons—gained 8,700 jobs but gained twice as many people. Despite their decrease in jobs per capita between 1980 and 1990, all three of these RPDs were projected by the BMC in 1994 to have higher than average rates of jobs per capita in 1995. The general pattern of growth in jobs per capita shows strongest growth in many of the suburbs directly northeast of Baltimore, such as Towson (+28), Parkville (+14), and Rossville (+69), and in many areas in Anne Arundel County, such as Fort Meade (+100), Brooklyn Heights (+45), and Glen Burnie (+19). Metrocenter also experienced substantial gains, going from 942 to 1,015 jobs per 100 persons, for a gain of 73 jobs per 100 persons.

2. The Spatial Mismatch Hypothesis

Twenty-five years ago, John Kain, an economist at Harvard, argued for the existence of a “spatial mismatch” between affordable housing and available jobs.⁶¹ The theory posits that American cities are undergoing transformations from centers of goods and production to centers of information processing. The blue-collar jobs that once made up the economic backbone of cities have either vanished or moved to the developing suburbs, if not overseas. Central-city low-skilled manufacturing jobs are no longer available. In addition, neighborhood retail businesses that served the middle class have also to a large extent relocated to the suburbs.⁶² The spatial mismatch theory states that it is not lack of jobs per se that is the problem, since central-city population growth has been as slow as central-city job growth. The problem is that the percentage of central-city jobs with high educational requirements is increasing, while the average education level of central-city residents is dropping.⁶³ In addition, essentially all of the net growth in jobs with low educational requirements is occurring in the suburbs and exurbs.⁶⁴ This low-skilled jobs exodus to the suburbs disproportionately affects central-city poor people, particularly minorities, who often face more limited choice of housing location in growing areas.⁶⁵

⁶¹ John Kain, “Housing Segregation, Negro Unemployment, and Metropolitan Decentralization,” *Quarterly Journal of Economics* 82 (May 1968): 175-97.

⁶² John D. Kasarda, “Urban Industrial Transition and the Underclass,” *Annals of the American Academy of Political and Social Sciences* 501 (January 1989): 36.

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ For further discussion of the pros and cons of the spacial mismatch hypothesis, see Joseph Mooney, “Housing Segregation, Negro Employment and Metropolitan Decentralization: An Alternative Perspective,” *Quarterly Journal of Economics* (May 1969): 299-311. See Hutchinson (1974); Farley (1987); Inlanfedt and Sjoquist (1990-2); Offner and Saks (1971) Friedlander (1972); Harrison (1974), Leonard (1986); all in Kathy Novak, “Jobs and Housing: Policy Options for Metropolitan Development,” (Research Department: Minnesota Metropolitanities - Baltimore

V. Metropolitan Solutions

A. Benefits of Cooperation

For decades, the National Civic League, academics (particularly economists), and Ripon Republicans have preached the gospel of metropolitanism. The message of cost-effective regional planning, supported by local business leadership, had a strong influence in the Twin Cities, Indianapolis, and Portland, Oregon twenty-five years ago. In the 1990s, columnist Neal Peirce has revitalized good government metropolitanism, broadening its base by emphasizing the social and economic interdependence of metropolitan areas and the need for regional economic coordination to compete effectively in the new world economy.⁶⁶ On another front, David Rusk, former mayor of Albuquerque, New Mexico, has simply and effectively connected the issues of metropolitanism and social equity.⁶⁷ He has done this by showing that regions that have created metropolitan governments by annexation or consolidation are less segregated by race and class, economically healthier, and simply more equitable to their people. Anthony Downs, of the Brookings Institution, has assembled his own research together with the recent ground-breaking work of urban poverty scholars, economists, transportation experts, and land-use planners. With this, he makes compelling new arguments for metropolitan government, and broad metropolitan-based reforms in fair housing, transportation, land use, and property tax-base sharing.⁶⁸

William Barnes and Larry Ledebur, Richard Voith, and H. V. Savitch have shown the deep interconnections of metropolitan economies and how the health of central cities is deeply connected to the success of even the favored sectors. A study of seventy-eight metropolitan areas, conducted by Barnes and Ledebur, found that between 1979 and 1989 in most U. S. metropolitan areas, median household incomes of central cities and suburbs moved up and down together. When the incomes of central city residents increased, the incomes of residents living in suburbs of that city also increased. Conversely, when city incomes decreased, so did suburban incomes. They also found that the strength of this relationship appears to be increasing.⁶⁹ An earlier study of forty-eight metropolitan areas, conducted by the same team, found that metropolitan areas with the smallest gap between city and suburban incomes had the greatest job increases.⁷⁰ A recent study by Voith, an economist with the Federal Reserve Bank of Philadelphia and a scholar of metropolitanism, found that employment growth in the central city is very important to house values in existing suburbs close to the city (less than a 50 minute

House of Representatives February 1994); David Elwood, "The Spatial Mismatch Hypothesis: Are the Teenage Jobs Missing in the Ghetto?" in *The Black Youth Employment Crisis* eds. Richard B. Freeman and Harry J. Holzer (1986): 147-90.

⁶⁶ Neal Peirce, *Citistates: How Urban America Can Prosper in a Competitive World* (Washington, D.C.: Seven Locks Press, 1993).

⁶⁷ David Rusk, *Cities Without Suburbs* (Washington, D.C.: Woodrow Wilson Center Press, 1993).

⁶⁸ Anthony Downs, *New Visions for Metropolitan America* (Washington, D.C.: Brookings Institution, 1994).

⁶⁹ Larry C. Ledebur and William R. Barnes, *"All In It Together": Cities, suburbs and Local Economic Regions* (Washington, D. C.: National League of Cities, 1993).

⁷⁰ William R. Barnes and Larry C. Ledebur, *City Distress, Metropolitan Disparities, and Economic Growth* (Washington, D. C.: National League of Cities, 1992).

commute). Conversely, employment growth in existing suburbs close to the city does not significantly affect house values in those communities themselves but rather, benefits developers and owners of agricultural land.⁷¹ Through a comparison of incomes and real estate prices in the cities and suburbs of fifty-nine metropolitan areas between 1980 and 1990, H. V. Savitch and his colleagues found that cities and suburbs are highly interdependent. They report that those regions “with a greater capacity to harness common resources and unite populations do better than more highly fragmented areas.”⁷²

Another extremely cogent argument against intra-metropolitan competition for tax base is made by a group of economists concerned about America’s ability to compete in the world economy. These economists believe that as trade barriers recede and the force of national economic policy fades, metropolitan areas become the basic units of global competition.⁷³ Suddenly, fragmented groups of cities, fighting amongst themselves for governmental resources and economic development, are thrown into vigorous world competition against the powerful coordinated metropolitan systems of Western Europe and Asia. Economists such as these argue that the metropolitan governments of Western Europe and Asia effectively coordinate large regional expenditures in terms of transportation, telecommunications, and education to their economic advantage. Instead of fighting with each other, these economists argue, American metropolitan communities should work together to pool regional resources and expertise to compete against other metropolitan areas on the national and international level.

And finally, Peter Calthorpe, an urban planner from San Francisco, has set forth a compelling design vision of what regionally responsible transit-oriented communities could look like.⁷⁴ All of these authors—particularly Rusk—have received extraordinary coverage in the national media and have stimulated a vital national discussion. In Washington, United States Housing and Urban Development Secretary Henry Cisneros is pushing the federal government to strengthen metropolitan coordination of affordable housing, land use, environmental protection, and transportation issues. President Clinton has issued a broad executive order beginning this process.⁷⁵

B. The Necessity of Regional Cooperation

The foregoing patterns demonstrate, if nothing else, the need for a metropolitan approach to stabilizing the central city, the high social need inner places, and the high social need outer places and the need for creating equity throughout the Baltimore region. If the region allows

⁷¹ Richard Voith, “The Suburban Housing Market: Effects of City and Suburban Employment Growth,” Working Paper No.96- (Philadelphia: Federal Reserve Bank of Philadelphia, May 1996).

⁷² H. V. Savitch and others, “Ties That Bind: Central Cities, Suburbs, and the New Metroplitan Region,” *Economic Development Quarterly* 7(4) (November 1993).

⁷³ Peirce, *Citistates*.

⁷⁴ Peter Calthorpe, *The Next American Metropolis: Ecology, Community, and the American Dream* (New York: Princeton Architectural Press, 1993).

⁷⁵ President Clinton, Executive Order, “Leadership and Coordination of Fair Housing in Federal Programs: Affirmatively Furthering Fair Housing, Executive Order 12892 of January 17, 1994,” *The Weekly Compilation of Presidential Documents*, (24 January 1994): 110-14.

social needs to further concentrate on the declining tax base of the central city, inner places, and outlying communities, these communities can do little to stabilize fundamentally. Similarly, as long as parts of the region can exclude the costs and effects of social responsibilities, the region's resources will naturally flow there. As polarization continues, the concentration of poverty intensifies and creates an increasingly rapid socioeconomic decline that rolls outward from the core communities. Fragmented land use patterns and competition for tax base lead to wasteful, low-density sprawl, institutionalize polarization, and squander valuable natural resources.

In order to stabilize the central city, inner places, and outlying communities and prevent metropolitan polarization, there are six substantive reforms that must be accomplished on a metropolitan scale. The reforms are interrelated and reinforce each other substantively and politically. The first three reforms are the most significant in terms of the socioeconomic stability of the core. They are (1) property tax-base sharing, (2) reinvestment, and (3) fair housing. Together these reforms deconcentrate poverty, provide resource equity, and support the physical rebuilding necessary to bring back the middle class and private economy. The second three, (4) land planning/growth management coordinated with infrastructure, (5) welfare reform/public works, and (6) transportation/transit reform reinforce the first three and allow them to operate efficiently and sustainably. In addition, these reforms provide for growth that is balanced socioeconomically, accessible by transit, economical with governmental resources, and environmentally conscious.

C. Tax-Base Sharing: The Entry Point to Regionalism

Once the pattern of polarization is established, alliances can be built around any of the above issues, however, the best place to start “thinking regionally”, we believe, is tax-base sharing. First, we have found that when central cities and older suburban areas are united on common shared fiscal interests, some of the more intense barriers created by race and class, issues that had long divided cities and older suburbs, are overcome. As such, tax-base sharing provides a very compelling way to build relationships and coalitions which will serve to advance other regional reforms. Second, tax-base sharing provides all recipient jurisdictions (the majority of the region) what all politicians promise in American politics but few can deliver—lower taxes and better local services.

As long as basic local services are dependent on local property wealth, property tax-base sharing is a critical component of metropolitan stability. Its purposes, all interrelated, are fivefold. Property tax-base sharing: (1) creates equity in the provision of public services, (2) breaks the intensifying metropolitan mismatch between social needs and property tax-based resources, (3) undermines local fiscal incentives supporting exclusive zoning, (4) undermines local fiscal incentives supporting sprawl, and (5) ends intra-metropolitan competition for tax base.

Equity. The equity argument states that basic public services such as police and fire, local infrastructure, parks, and particularly, local schools should be equal on a metropolitan level. People of moderate means should not have inferior public services because they cannot afford to live in property rich communities.

The need for equity is most immediately apparent when examining school spending in the school districts of the high social need inner places and the high social need outer places. The

low spending of these districts, in the face of increasing challenges, is possibly a component in poor student performance. The equity problem is also critical in the central city as concentrated poverty multiplies needs exponentially in the face of evaporating local tax base and declining state and federal support for urban programs.

Mismatch of Needs and Resources. Virtually everywhere in the metropolitan region where social needs are growing rapidly, the tax base is uncertain or declining; everywhere in the region where the tax base is accelerating dramatically, social needs are stable or declining. By regionalizing the tax base, the growing property wealth of the region will be available to meet the region's growing social needs.

Fiscal Zoning. When communities can increase their tax base and limit their local social responsibilities and costs by exclusive zoning, they will do so. One only has to look at the great disparities in tax base per household on a metropolitan level to understand the potentially large local fiscal incentives for exclusionary zoning. As evidence of this, the Minneapolis Legal Aid detailed the process by which Twin Cities developing communities made explicit decisions to build only houses over \$150,000 because only such housing "paid its way."⁷⁶ As a corollary, low-density development is an intrinsic part of fiscal zoning, for large lot sizes are one of the only ways to ensure that expensive housing will be built.

As the valuation of growth is shared, it undermines local fiscal incentives to create exclusive housing markets. Social incentives, however, unfortunately remain.

Sprawl. The fragmented nature of a metropolitan tax base worsens at least two aspects of urban sprawl: unnecessary outward movement and low-density development patterns.

Unnecessary outward movement occurs when the growth of new units on the metropolitan fringe exceeds the growth of new regional households and the core of the region becomes seriously under-utilized. This type of sprawl is fueled in part by the push of core community decline and its attendant fiscal crisis, and the pull of rapidly growing communities that need tax base to pay for infrastructure.

While the decline and local fiscal crisis "push" people and businesses out of older suburban areas, extraordinarily rapid housing construction fueled by local fiscal needs in developing areas "pulls" them. As new communities develop, they face large debt burdens in terms of infrastructure such as streets, sewers, parks, and schools. As the debt comes due, and potential property tax increases threaten, there is tremendous pressure on these communities to spread these costs through growth. Hence, the very fragmentation of the tax base encourages sprawl.

Second, unnecessary low-density development occurs when communities are built at densities that cannot be served by public transit and create infrastructure costs that are unsustainable by the existing tax base.⁷⁷ In this light, the same local fiscal pressures that

⁷⁶ Barbara L. Lukermann and Michael P. Kane, "Land Use Practices: Exclusionary Zoning, De Facto or De Jure: An Examination of the Practices of Ten Suburban Communities in the Twin Cities Metropolitan Area," (Center for Urban and Regional Affairs, University of Minnesota, April 1994), 53-57.

⁷⁷ American Farmland Trust. "Density-Related Public Costs," (Washington, D.C., 1986).

encourage low-density development to enrich tax base also contribute to unnecessary low density sprawl.

In response, tax-base sharing: (1) eases the fiscal crisis in declining communities, allowing them to shore up decline; (2) takes the pressure to spread local debt costs through growth off growing communities; and (3) undermines fiscal incentives encouraging low-density sprawl.

Competition for tax base. Proponents of the fiscal disparities system argue that intra-metropolitan competition for tax base is detrimental to the region. First, it is bad for communities to engage in bidding wars for businesses that have already chosen to locate in a given region. In such situations, public moneys are used to improve the fiscal position and services of one community at the expense of another, while business takes advantage of the competition to unfairly reduce its social responsibilities. Even the threat of leaving can induce large public subsidies from troubled communities. These arguments are reinforced by the large use of Tax Increment Financing (TIF), which allows cities to compete—some might say gamble—for tax base not only with their own resources but with those of the local school district, county, and state without the input of these jurisdictions.

Opponents respond that competition among communities encourages efficient use of government funds and teaches local officials that successful cities are lean, mean, and competitive. In response, more often than not, the winners of intra-metropolitan competition are developing, high tax-capacity areas with room to expand, no social problems, and comparatively low taxes; the losers, low tax-capacity, fully developed areas with considerable social problems and high taxes. This highly unequal competition has created a monopoly problem. The affluent expanding suburbs dominate the market and grow increasingly stronger while the poor suburbs, saddled with the debts of unfair social burdens, are over-leveraged and cannot compete.

D. The Politics of Tax-Base Sharing

1. The Twin Cities Fiscal Disparities System

In 1971, the Minnesota Legislature adopted a tax-base sharing system, commonly referred to as “the fiscal disparities system”, or simply, “fiscal disparities”. Under this system, each city contributes to a regional pool forty percent of the growth of its commercial industrial tax base acquired after 1971. Money is distributed from this pool to each city on the basis of inverse net commercial tax capacity. A highly equalizing system, fiscal disparities reduces tax base disparities on a regional level from 50-to-1 to roughly 12-to-1. Presently about 393 million dollars, or about 20 percent of the regional tax base, is shared annually. This shared tax base allows struggling cities—particularly the central city of St. Paul, many older, inner suburbs of Hennepin and Ramsey Counties, and small towns and villages beyond the beltway—to provide basic services that they would not have been able to provide otherwise, while keeping tax rates at a reasonable level. However, while the Minnesota fiscal disparities system produces powerful equalizing effects, actual disparities remain high and fiscal zoning and competition for tax base intense. In this light, while a partial tax-base sharing system like the Minnesota program does not end regional competition, it does make it marginally more fair.

There are also some inequities. Communities in the Twin Cities metropolitan area with a higher than average commercial base, but with low-valued homes and increasing social need, contribute tax base. On the other hand, cities dominated by high-valued homes that have

eschewed commercial development, but have large per-household tax bases, receive money from the system. For this reason, a program that shares tax-base on high value residential property is more equitable, and therefore preferable to one that shares only tax-base on commercial property.

2. Is Tax-Base Sharing Possible Only in Minnesota?

There is a broadly shared belief that tax-base sharing came out of some cosmic consensualism in progressive Minnesota that cannot be duplicated elsewhere in the nation. This is not true.

First, tax-base sharing in Minnesota has always been controversial. Many suburban governments at first feared loss of tax base and local control. But legislative leaders realized the high degree to which property wealth was concentrated and developed computer runs that showed the projected amount of tax base cities would actually gain. Most of the inner and developing middle-class suburbs were potential recipients. When these suburbs realized that tax-base sharing was likely to increase substantially their tax base and stabilize their future fiscal situation, they became supporters. As one legislator put it, “before the runs, tax-base sharing was communism, afterwards it was ‘pretty good policy.’”

The legislative debate surrounding fiscal disparities was hardly consensual. Legislators from recipient communities supported tax-base sharing and legislators from contributing communities opposed it. When the bill became law, contributing communities brought suit against the state and litigated unsuccessfully all the way to the United States Supreme Court.⁷⁸ Contributors remain opposed, and every session, their representatives introduce bills to either limit their contribution to the system or abolish the program entirely. Thus the Minnesota experience with tax-base sharing should not be viewed as a rarefied consensus, but as a strategy model for creating political coalitions to influence regional reform elsewhere.

It is often said that Minnesota is different from the rest of the nation because it does not have any social or racial divisions. In response, Minnesota and the Twin Cities can be placed on a continuum. While the social and economic declines and polarization are clearly not as severe as New York, Chicago, or Detroit, they are worse than most younger and smaller regions and even than some of similar size, age, and complexity. The public schools of the central cities of Minneapolis and Saint Paul have 60 percent poor and minority students—only ten points behind Chicago and have more rapidly growing concentrated poverty. A recent regional debate on fair housing was marred by divisive discussions of race and class. Further, while the Twin Cities has the rudiments of regional cooperation, it has an unusually high number of local governments with land use powers (187) and school districts (49) that must cooperate. In the end, the same basic dynamics that have divided and conquered older, larger regions are firmly rooted in the Twin Cities. On the other hand, the local coalitions that are beginning to take action in the Twin Cities in response to regional polarization can be built elsewhere.

In the 1995 session, the legislature passed, but the governor vetoed, Fiscal Disparities II: The Metro Area Tax Cut Act. Under this bill, metropolitan jurisdictions would share the growth on the increment of value above \$200,000 on high-valued homes. Short of total sharing, this proposal counterbalanced the inequities of the present fiscal disparities system, undermined fiscal zoning, and greatly expanded the tax-base sharing system. In addition, with only 17 percent of the region contributing tax base and fully 83 percent receiving, it was a most popular proposal among local governments.

⁷⁸ *Burnsville v Onischuk*, 301 Minn. 137, 22 N.W.2d 523 cert. denied 420 U.S. 916 (1974).

The bill was called the Metro Tax Cut Act because its provisions required communities receiving new tax base under it, for the first two years, to use half of this new tax base for a property tax cut. The bill was “sold” as the largest single property tax cut offered by the legislature that year. The northern low tax-base suburbs strongly supported the bill and it passed with bipartisan support. Significantly, the ten closest Minnesota House races in the last election involved jurisdictions that would greatly benefit by any sort of tax-base sharing.⁷⁹ Ultimately, it will be difficult for either party, or anyone who wishes to be governor, to oppose a system that will provide these swing voters with better services and lower taxes.

3. Political Possibilities in the Baltimore Region

a. Tax-Base Sharing

Equity mechanisms must be forged in the give and take of each local community. They must ultimately reflect the political situation and the balance of political power present in a given place at a given time. In looking at the relative tax base and the degree of social needs that are present in local communities, a metropolitan tax-base sharing equation that recognized the growing social need in Baltimore County would clearly make that area a winner. The Metropolitan Area Program has created models of several possible tax base sharing scenarios for the Baltimore region which we believe would produce positive benefits for the entire region. While there are countless formulas that could be used in a tax base sharing system, we present here two of the most promising examples: in both cases nearly three quarters (73.8 percent) of the total population of the Baltimore region would receive new tax base.

Both of the models presented here are based on defining the region as the area served by the Baltimore Metropolitan Council: Anne Arundel, Baltimore, Carroll, Harford, and Howard Counties, and the city of Baltimore. These tax base sharing scenarios do not include Queen Anne’s County. In addition, these models limit the amount that the city of Baltimore can receive from the total tax base pool.⁸⁰ This is done in order to make available a larger percentage of the tax-base pool to be distributed to the other area counties. Any amount could be used as a cap level—or none at all. We arbitrarily selected a different level for each model to demonstrate the various types of formulas that could be used.

The first example is based on the region-wide sharing of tax base derived from high-valued residential properties. In this scenario we modeled what would be shared if the communities in the region contributed into a tax-base sharing pool their 1994 residential property tax base for housing valued at more than \$200,000 (Figure 24). This tax base pool was

⁷⁹ See Mike Kaszuba, “Suburban Summit to Tackle Affordable Housing,” *Minneapolis Star Tribune*, 24 September 1994; Molly Guthrey, “Orfield Drums up Support for Equality Among Cities,” *Saint Paul Pioneer Press*, 6 October 1994; Mike Kaszuba, “Leaders Call for End of Disparity Between North, South Suburbs,” *Minneapolis Star Tribune*, 6 October 1994; Editorial, “North Summit; Suburban Voices Join Metro Debate,” *Minneapolis Star Tribune*, 29 September 1994; Editorial, “Regional Cooperation Gets Needed Boost,” *Saint Paul Pioneer Press*, 9 October 1994.

⁸⁰ Once the net distribution for each county is determined, the share distributed to Baltimore city is examined. If the share calculated for the city of Baltimore is less than the maximum allowed, no adjustments are made. If Baltimore’s net distribution is greater than the maximum allowed, the model is run again. This time, Baltimore is excluded from all of the calculations; instead, it is given a net distribution equal to the maximum allowed out of the tax base pool. A final net distribution for each suburban county is then determined, again based on a formula giving preference to counties with a low per capita tax base.

then redistributed back out to the communities based on a formula giving preference to those communities with a low per capita tax base. In this model, the maximum amount the city of Baltimore could receive was \$750 million, or \$1,019 per capita. Besides, Baltimore (which received \$750 million), this model run produced new tax base for Carroll County (over \$92 million—or \$753 per capita), Baltimore County (over \$650 million—or \$942 per capita), and Harford County (over \$260 million—or \$1,448 per capita). (See Appendix A for a spreadsheet describing the \$200,000+ tax-base sharing model and listing the amount each county would gain or contribute.)

In another sample run, each county was required to contribute into the regional pool 40 percent of its increase in commercial tax base from 1984 to 1994 (Figure 25). This tax base pool was then be redistributed back out to the counties, based on a formula giving preference to those counties with a low per capita tax base. This formula is similar to the one used in Minnesota's fiscal disparities system. In this model, the maximum amount the city of Baltimore could receive was \$150 million, or \$204 per capita. Besides Baltimore (which received \$150 million), this run provided new tax base for the people of Carroll County (over \$30 million—or \$244 per capita), Baltimore County (nearly \$100 million—or \$144 per capita), and Harford County (nearly \$40 million or \$219 per capita). (See Appendix B for the results of this tax-base sharing model run and listing the amount each county would gain or contribute.)

Interestingly, a discussion of tax-base sharing has already begun in the Baltimore region. During the 1996 legislative session, Delegate Sandy Rosenberg brought up two proposals for tax-base sharing, one state-wide, and one specifically for the Baltimore metro area. The state-wide bill would have resulted in increased revenues for the city of Baltimore, Carroll County, and Harford County in 1997. Baltimore County would have only lost about \$1 per household in revenues the first year, and would, in all likelihood, have become a winner in upcoming years. The tax-base sharing runs under the metro-only plan show Baltimore City as the only winner in 1997. Carroll, Harford, and Baltimore counties would all have lost less than \$5 per household under this plan. These proposals were based on the redistribution of commercial tax base which tends to be more randomly distributed than high-valued residential property, which tends to be quite concentrated. As our model runs indicate, it is possible to further refine this formula to broaden the base of recipients and more carefully recognize the unique political situation in Baltimore.

In addition, it is important to note that just as there are many possible formulas for sharing tax base in a region, there also are a variety of possible administration mechanisms for such a system. State, regional, and local elected officials, together with the people they represent, would have to determine whether the state, a regional decision-making body, or some other entity would administer the tax base pool.

b. The Baltimore Track

It is time now to begin a parallel track within the neighborhoods and interest groups of the city of Baltimore. One by one, the communities of color, the churches, neighborhood groups, good government, and land use groups should be engaged in this regional discussion. The basic facts underlying this report and the rudiments of a regional agenda should be put forth, the parallel inner-suburban strategy explained, and materials provided to begin community education. Because of the deep racial divisions and inter-jurisdictional divisions between the city and its suburbs, it would be in the city's best interest to allow the inner suburbs to take the

political lead, or at the very least to acknowledge the inner suburbs as full partners in regional equity efforts. Too strong and too early a city effort, too powerful city dominance, will only dissuade the inner suburbs and retard progress toward reform.

c. Future Issues

If and when relationships can be built around tax-base sharing and fiscal equity, there is a simmering coalition waiting to be built concerning regional affordable housing. The older, low tax-base, high social need communities undoubtedly feel overburdened by affordable housing and Section 8. Their political response now is to “just say no,” which will deeply over-stress and over-segregate the city. Without a viable response to this growing sentiment, a much deeper crisis for poor residents, race relations, and the politics of the region will develop. In Minnesota, the inner and low-tax base suburbs, which had their fair share of affordable housing, joined in coalition with the central cities to pass a regional fair housing bill. It was a very strong coalition built on the rhetoric and power of the civil rights movement, with a powerful representation of the communities of color, and with the added political force of inner-suburban areas trying to retain stability. Creative thinking and planning could, over time, build a very powerful coalition in Baltimore to persuade the affluent, low social need suburbs, where all the jobs are, to do their fair share. Again, with simply the political power of the city, the high social need suburbs there is a winning coalition.

VI. Conclusion

The foregoing represents a pattern of metropolitan development—that of social and economic polarization—that the Baltimore region cannot afford to continue. The Baltimore region cannot afford to build a new set of communities and the supporting infrastructure every generation as the central city and high social need suburbs become isolated and decline.

The Baltimore region cannot afford to concentrate poverty in increasingly hopeless neighborhoods of the central city, inner places, and outlying communities—places from which economic activity is leaving. It’s clear that the concentration of poverty is more than the sum of its parts—that as we lock people into patterns of dependency and isolation away from the productive economy they grow hopeless, isolated, and angry.

The Baltimore region cannot afford to eat up tens of thousands of acres of forest and farm land to build new sprawling communities into infinity.

The Baltimore region must spend at least some of its resources and energy renewing—recycling—the communities in which it grew up. The region cannot afford disposable core communities.

This report represents the beginnings of an agenda designed to deal with growing regional instability and disparities. While it is controversial, it represents only a best first effort, subject to the negotiation, reformation, and synthesis that occurs in all political progress. While the issues will be difficult, it is our hope that this region can work together—reason together—to solve its mutual problems.

The real importance of this discussion is the realization that the Baltimore metropolitan area is suffering from a series of problems that are too massive for an individual city to confront alone, that they are the same problems that have caused the decline and death of other urban centers, and that unless the people of this region concentrate their efforts on finding new solutions, they can expect no better outcome.

Appendix A: Redistribution of 1994 Residential Tax Base - Housing Valued Greater Than \$200,000 with a \$750,000,000 Cap on Distribution to Baltimore City

County Name	Net Distribution	Per Capita Increase/Decrease	1990 Population
Anne Arundel County	(\$706,371,686)	(\$1,653)	427,239
Baltimore City	\$750,000,000	\$1,019	736,014
Baltimore County	\$651,908,498	\$942	692,134
Carroll County	\$92,844,357	\$753	123,372
Harford County	\$263,672,547	\$1,448	182,132
Howard County	(\$1,052,053,716)	(\$5,616)	187,328

DATA SOURCES

FY 94 Tax Base: Fifty-First Report of the Maryland State Department of Assessments and Taxation, January 1995, p. 11-12
1990 Housing Value Distributions and Population: 1990 Census of Population and Housing Summary Tape File 3A

METHODOLOGY:

Each county is required to contribute into a tax-base pool their 1994 residential tax base for housing valued at greater than \$200,000. Next, a "distribution index" is calculated to determine what percentage share each county will get back out of the pool. The distribution index is equal to the county's population multiplied by the ratio of the metropolitan region's tax base per capita to the county's tax base per capita. Each county's distribution index is then divided by the sum of all the distribution indexes to arrive at each county's percentage share of the tax-base pool. This percentage is then multiplied by the tax-base pool amount to determine the actual amount the county receives back. Finally, the amount the county contributes is subtracted from the amount the county receives to arrive at the net distribution to the county.

At this point, Baltimore City's net distribution is examined. If Baltimore City's net distribution is determined to be greater than \$750,000,000, the model is run again, using a cap on the amount of net distribution that Baltimore City can receive. (This is done in order to make available a larger percentage of the tax-base pool to be distributed to the other area communities.) Step 1 is recalculated, excluding the value for Baltimore City. The amount to be distributed to Baltimore City is then subtracted from the new County Contribution sum. Finally, Steps 2-5 are run again, excluding Baltimore City from the calculations.

Example:

Step 1: 1994 county residential tax base valued > \$200,000 = County Contribution

Step 2: County pop. * ((region's tax base / region's pop.) / (county tax base / county pop.)) =
Distribution Index

Step 3: Distribution Index / sum of Distribution Indexes = County Share of tax base to be distributed

Step 4: County Share * sum of County Contributions = County Distribution

Step 5: County Distribution - County Contribution = County Net Distribution

Step 6: If Baltimore City's County Net Distribution is determined to be appropriate, model run ends;
or,

Step 7: If Baltimore City's Municipal Net Distribution is greater than \$750,000,000, rerun Step 1
without Baltimore City

Step 8: Subtract cap amount from Municipal Contribution for Baltimore City's net distribution

Step 9: Rerun Steps 2-5, excluding Baltimore City

Appendix B: Redistribution of 40% of Commercial Tax Base Growth, 1984-1994, with a \$150,000,000 Cap on Distribution to Baltimore City

County Name	Net Distribution	Per Capita Increase/Decrease	1990 Population
Anne Arundel County	(\$176,060,756)	(\$412)	427,239
Baltimore City	\$150,000,000	\$204	736,014
Baltimore County	\$99,388,163	\$144	692,134
Carroll County	\$30,090,357	\$244	123,372
Harford County	\$39,888,298	\$219	182,132
Howard County	(\$143,306,062)	(\$765)	187,328

DATA SOURCES

FY 94 Tax Base: Fifty-First Report of the Maryland State Department of Assessments and Taxation, January 1995, p. 11-12

1990 Housing Value Distributions and Population: 1990 Census of Population and Housing Summary Tape File 3A

METHODOLOGY:

Each county is required to contribute 40% of its 1984-1994 commercial tax base growth into a tax-base pool. Then, a "distribution index" is calculated to determine what percentage share each county will get back out of the pool. This distribution index is equal to the county's population multiplied by the ratio of the metropolitan region's tax base per capita to the county's tax base per capita. Each county's distribution index is then divided by the sum of all the distribution indexes to arrive at each county's percentage share of the tax-base pool. This percentage is then multiplied by the tax-base pool amount to determine the actual amount the county receives back.

At this point, Baltimore City's net distribution is examined. If Baltimore City's net distribution is determined to be greater than \$150,000,000, the model is run again, using a cap on the amount of net distribution that Baltimore City can receive. (This is done in order to make available a larger percentage of the tax-base pool to be distributed to the other area communities.) Step 1 is recalculated, excluding the value for Baltimore City. The amount to be distributed to Baltimore City is then subtracted from the new County Contribution sum. Finally, Steps 2-5 are run again, excluding Baltimore City from the calculations.

Example:

Step 1: 1984-1994 county commercial tax base growth * 0.40 = County Contribution

Step 2: County pop. * ((region's tax base / region's pop.) / (county tax base / county pop.)) = Distribution Index

Step 3: Distribution Index / sum of Distribution Indexes = County Share of tax base to be distributed

Step 4: County Share * sum of County Contributions = County Distribution

Step 5: County Distribution - County Contribution = County Net Distribution

Step 6: If Baltimore City's County Net Distribution is determined to be appropriate, model run ends; or,

Step 7: If Baltimore City's Municipal Net Distribution is greater than \$150,000,000, rerun Step 1 without Baltimore City

Step 8: Subtract cap amount from Municipal Contribution for Baltimore City's net distribution

Step 9: Rerun Steps 2-5, excluding Baltimore City