BALTIMORE ECONOMIC GROWTH STRATEGY

Dr. Marc A. Weiss, Senior Fellow in Community Studies

with Daniel E. Rosan, Research Associate

Center for National Policy

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INTRODUCTION

Baltimore's new draft comprehensive PlanBaltimore, proposes "A Vision for Baltimore: A Global City of Neighborhoods." The "Global City" imagery represents Baltimore's competitive advantage in the New Economy of the 21st Century, which is knowledge and information-based, technology and communications-intensive, and globally oriented. The "City of Neighborhoods" highlights the special and diverse qualities of family and community life that make Baltimore attractive to residents, visitors, and businesses.

Baltimore, like many older "blue collar" American cities that grew as manufacturing and distribution centers for industry and commerce, has gone through a significant and sometimes painful transition over the last half century, losing both jobs and population. The city's public and private sector leadership responded vigorously to stem the tide through aggressive and highly successful urban redevelopment initiatives, strengthening and expanding the downtown and Inner Harbor to maintain Baltimore as a vital center for advanced business, professional, and financial services, and a regional magnet for culture, sports, conventions, and tourism. Although manufacturing activity has declined, transportation and trade have continued to thrive, with world-class deep water port facilities, excellent railroad and highway connections, and the growth of an international airport. The city has enhanced its base as a major leader in higher education and health care through its universities and hospitals.

Most importantly for economic competitiveness in the future, Baltimore can build a powerful base of business innovation and employment growth in the global marketplace through its world-class intellectual resources in the life sciences and information technology fields – biomedical research and development, biotechnology, medical products, pharmaceuticals, electronic commerce – with potential to create whole new businesses and industries, and thousands of living wage jobs.

To succeed, Baltimore will need to invest in its transportation and infrastructure, education and workforce development systems, research and technology, business marketing and venture financing, commercial and industrial development. The city government will need to work closely with the State of Maryland and with business, government, labor, and civic leadership throughout the metropolitan region to establish key economic and institutional linkages, mobilize resources, and share both benefits and costs.

For Baltimore to grow jobs, it must also grow people. Retaining and attracting residents is as important for Baltimore's future economic competitiveness as retaining and attracting businesses. The city must invest more in the fundamentals of clean and safe streets, good schools, efficient transportation, homeownership and affordable housing, retail stores and services, historic preservation, arts and recreation, and all the other things that make Baltimore a great city for people to live, work, and play.

Finally, for Baltimore to grow both jobs and people, the tax base must be restructured to provide incentives for businesses and residents to invest in the city's future. New sources of revenue that capture a larger share of Baltimore's real economic output will enable the city budget to increase – for maintaining and expanding basic physical infrastructure and public services, improving the efficiency of service delivery, and providing economic development incentives – while reducing the current dependency on property taxes and allowing for further property tax rate reductions.

BALTIMORE'S ECONOMIC PROSPECTS

During the past few years, Baltimore has moved aggressively to retain, attract, and grow numerous private sector employers, generating at least $785 million in new investment involving nearly 21,000 jobs. The following table includes a list of 340 companies which have moved to Baltimore or expanded within the city during the past three years. It is compiled from the files of the Baltimore Development Corporation, Empower Baltimore, the Downtown Partnership, and other key sources. (See Appendix One).

Behind the aggregate numbers are literally hundreds of individual private for-profit firms and non-profit organizations that are daily strengthening Baltimore's economic base. Each story is interesting and vitally important. Three of these success stories demonstrate Baltimore's proven ability to attract, retain, and grow thriving enterprises:

Attracting jobs: In 1995 Baltimore lured the international headquarters of fast-growing Sylvan Learning Systems from Columbia, Maryland, bringing over 300 jobs to the city's new Inner Harbor East development in the federal Empowerment Zone, at the eastern edge of downtown. Sylvan Learning Systems, with annual revenues approaching $600 million, is a for-profit corporation providing educational services to individuals, families, and organizations worldwide, from educational testing to lifelong learning. The company's move to 1000 Lancaster Street in Baltimore represented the first new major corporate headquarters to locate in the city in over two decades. Since arriving in 1996, Sylvan has already increased jobs, expanded its subsidiary Caliber Learning Network into the nearby Bagby Building, and jump-started investment and development in the neighborhood.

Growing jobs at home: Guilford Pharmaceuticals is a successful spin-off company from research conducted at Johns Hopkins University Hospital and Medical School and the National Institutes of Health (NIH). The company is developing a variety of new medicines that help treat Alzheimer's and Parkinson's diseases, multiple sclerosis, severe brain and spinal cord injuries, strokes, ALS, acute and chronic pain, and several other serious health problems. Some of Guilford's prospective neurological remedies are based on research conducted by Dr. Solomon Snyder, Director of the Neurosciences Department at Johns Hopkins and formerly a researcher with the NIH. Guilford Pharmaceuticals started in 1993 with just four employees, headed by Dr. Craig Smith, who is also a member of Johns Hopkins' medical faculty.

Guilford Pharmaceuticals received some of its early venture financing from the State of

Maryland's Enterprise Investment Fund and from the Abell Foundation, along with assistance from the Baltimore Development Corporation in moving into BDC's Holabird Industrial Park in East Baltimore. This economic development support for a local corporation paid off handsomely – today Guilford Pharmaceuticals has a brand new headquarters and a research and development (R&D) facility in the city with 160 employees, and its stock price has quadrupled in the past six years. With hundreds of patents and many products currently in the development and research testing pipeline, Guilford Pharmaceuticals promises to be an even more successful homegrown business in the coming decades.

Retaining jobs: The boom in financial securities markets during the past few years led to such rapid increase in jobs at the international headquarters of Legg Mason Wood Walker Incorporated in downtown Baltimore that the company literally outgrew its two existing office towers on Lombard Street and on Redwood Street. Finding a very large block of prestigious "Class A" office space to consolidate its operations in one high-rise building in downtown Baltimore was no easy task. As an alternative, Legg Mason considered several options, including moving to various other urban or suburban locations. Fortunately, Baltimore's biggest insurance company, USF&G, had just merged with the St. Paul Companies and moved from its downtown headquarters to a new corporate campus in north Baltimore's Mt. Washington area.

The Baltimore Development Corporation worked very closely with Legg Mason to retain their 1,000 jobs for Baltimore City. BDC provided a financial incentive to Legg Mason by purchasing their Redwood Street building on very favorable terms, thus improving Legg

Mason's cash flow and making it economically feasible for this internationally competitive financial services company to buy and occupy the former USF&G tower in 1996. BDC then found other tenants to lease and occupy the Redwood Street building, and with the recent improvement in the downtown office market, expects to sell the building at a profit within the next few years. In this case, good public financial management was put in the service of smart economic development: retaining 1,000 good jobs and a corporation that is at the heart of Baltimore's global competitiveness in exporting high value services.

BETTER NEWS FOR BUSINESSES AND JOBS, PEOPLE AND NEIGHBORHOODS

Because of these vigorous economic development activities, Baltimore has taken advantage of the improved national economy in recent years to generate increased jobs, new investment, rising incomes, and greater prosperity in the city and throughout the metropolitan region, of which Baltimore City remains the vital economic center. Several key facts make this regional economic relationship clear: 35% of all the region's jobs are located in Baltimore City; downtown Baltimore has over 40% of all the region's hotel rooms; and more than a third of all the region's office space is in downtown Baltimore, far exceeding any other single commercial district within the six surrounding counties.

Many other facts highlight the recent improvements in Baltimore's economic performance, expanding businesses and jobs, benefitting people and neighborhoods:

– Between March 1998 and March 1999, Baltimore created over 11,000 new private sector jobs. During this same time period, the city's unemployment rate declined by two percentage points, from 8.8% to 6.8%, reaching its lowest level in many years.

– Class A office occupancy rates in downtown Baltimore are currently at 92%, up from 83% in 1996.

– New investment in downtown Baltimore was nearly $1.9 billion in 1998, a 40% increase over the previous year.

– The city's homeownership rate has reached 54.7%, up from 48.6% in 1990. This puts Baltimore above the U.S. average for major cities and ranks it as one of the most substantial improvements nationwide during the 1990s. At the same time, home sales grew by 42% in Baltimore during 1998, among the fastest growth rates in the country. This rapid growth rate has continued its momentum with a nearly 30% rise in July 1999 compared to a year ago, the second highest rate of increase in home sales throughout the entire metropolitan region.

– The crime rate declined by 11.4% in 1997 and dropped again in 1998 by another 6.4%, according to the Federal Bureau of Investigation, U.S. Department of Justice.

– Property tax rates have been decreasing for the past decade and are now at their lowest level since 1972 ($5.82 per $100 of assessed value). In addition, total income tax revenues in Baltimore have increased by more than 17% since 1995, and this was accomplished without raising tax rates. Also, new residential property tax relief measures have generated further savings for homeowners, including a cap on assessment increases.

– In the past few years, the infant survival rate has increased by 16%, teen births declined by 20%, and tuberculosis cases dropped by 34% to their lowest levels in two centuries of Baltimore history. Immunizations of school-age youth grew by 61% between 1995 and 1998, now covering virtually every child in the city. Vaccinations of preschool-age children have increased by 53% since 1992, reaching a level of comprehensive coverage in Baltimore for 1998 that is the second highest of any city in the nation.

– The number of households receiving public assistance in Baltimore has declined by nearly 52% during the past four years, and the city's welfare case load is now at the lowest point in over three decades.

REGIONAL ADVANTAGE

Baltimore's economy is getting stronger partly because it is a major element of a healthy and growing metropolitan economy. The city both contributes to and benefits from the competitive economic advantage of the Greater Baltimore region in the global marketplace.

Some indicators of metropolitan Baltimore's key assets and improving performance, compiled jointly by the Greater Baltimore Committee and the Greater Baltimore Alliance, include the following:

– Metropolitan unemployment was at 4% in March of 1999, down from 5.3% in March of 1998.

– The median effective buying income in metropolitan Baltimore is $38,361, above the national average for metropolitan areas. Metropolitan Baltimore has both higher per capita income and lower cost of living than the U.S. average.

– The Baltimore-Washington Consolidated Metropolitan Statistical Area is the fourth largest consumer market in America.

– According to nationwide rankings of metropolitan regions by the highly respected Places Rated Almanac, metropolitan Baltimore ranks sixth in transportation, eighth in the arts, and tenth in higher education.

– Based on a comparison with 19 other metropolitan regions of similar size and economic strength, metropolitan Baltimore has the lowest average health care costs, lower than the average for all U.S. metropolitan areas. Metropolitan Baltimore also ranks third highest among the 20 regions in library book circulation, fourth in manufacturing productivity per employee, fifth in the metropolitan homeownership rate, sixth in the percentage of women-owned firms, seventh in the percentage of minority-owned firms, and tenth in the size of the metropolitan office market.

– In The State New Economy Index, recently published by the Progressive Policy Institute, Maryland ranked 11th highest overall among the 50 states in America based on its competitiveness in the new global economy of knowledge and information, technology and communications. The State of Maryland ranked third highest in the percentage of civilian scientists and engineers in the workforce, and third in the percentage of the state's population that is "online" – connected by computer to the internet and the worldwide web.

II. Keys to Success: The Fundamentals

Baltimore's continuing economic growth will depend on investing in the fundamentals that make the city economically vital and attractive: transportation and infrastructure, education and workforce development, research and technology, cleanliness and safety, arts and entertainment, homeownership and schools, commercial and industrial sites, downtown and neighborhoods.

GROWING THE KEY INDUSTRY NETWORKS

Among Baltimore's most important economic strengths are the key industry networks that fuel job and income growth. These networks – linking a diverse range of highly specialized private firms, non-profit organizations, and public agencies that engage in particular types of economic activity – are Baltimore's leading sources of innovation, productivity, and global competitiveness. Key networks are those in which Baltimore maintains a competitive edge with respect to other cities around the world. This global advantage results from building upon Baltimore's strongest and most unique assets. For example, Johns Hopkins University conducts more medical research funded by the National Institutes of Health than any other research institution in America. Such depth of expertise is one of the factors that helps make Baltimore an international competitor in biotechnology and related medical science-based business products and services.

All together, Baltimore has four key industry networks that make the city economically competitive and vital in the new global economy: 1) Business, Professional, Financial, Non-Profit, and Information Services and Products; 2) Biomedical Research, Medical Products, and Health Services; 3) Hospitality, Entertainment, Tourism, and Specialty Retail; 4) Transportation and Trade Services and Equipment.

The Business, Professional, Financial, Non-Profit, and Information Services and Products industry network represents nearly 28% of Baltimore's total employment, with over 108,000 jobs. It includes everything from large law firms, insurance corporations, banks, accounting, real estate, management consulting, architecture and design, engineering, advertising and public relations, marketing, and securities brokerage firms, to educational institutions and philanthropic organizations, and the new computer software and internet companies emerging in Baltimore.

The Biomedical Research, Medical Products, and Health Services industry network represents over 16% of Baltimore's total employment, with more than 62,000 jobs in 1999. These include the medical schools, hospitals, research clinics, health centers, the growing number of biological and pharmaceutical companies, and life sciences-oriented information technology, telecommunications, marketing, and publishing firms.

The Hospitality, Entertainment, Tourism, and Specialty Retail industry network represents nearly 7% of Baltimore's total employment with almost 27,000 jobs. With an abundance of hotels, restaurants, stores, museums, galleries, theaters, sports stadiums, the convention center, the arena, auditoriums, historic sites, and many other attractions, downtown and the Inner Harbor are key to the continued growth and success of this network, which also includes many neighborhood businesses and institutions.

The Transportation and Trade Services and Equipment industry network represents over 6% of total employment, with close to 24,000 jobs. Key economic engines include the Port of Baltimore and the Baltimore-Washington International Airport, along with a host of suppliers and related firms that move people and products around the city and region, and throughout the world.

Together, these four key industry networks represent over 57% of Baltimore's entire job base, with the most employment stability during the 1990s, and the best prospects for job and income growth in the 21^{st} century.

GROWING BUSINESSES AND JOBS ACROSS THE PRIVATE SECTOR

Baltimore has been more aggressive than most cities in promoting job growth through economic development. Just in the last few years, the Baltimore Development Corporation, Empower Baltimore, the Downtown Partnership of Baltimore, and many other public and private agencies have provided services and incentives to retain, attract, or expand 340 companies and organizations, involving almost 21,000 jobs in the city, and total private and public investment of nearly $785 million.

Yet even these impressive efforts can successfully be expanded, both by creating new tools and incentives, and through increased use of existing resources. Examples of new tools needed include reformed Tax Increment Financing (TIF) and land banking. Existing incentives that should be expanded include Payments in Lieu of Taxes (PILOT) and capital funding.

IMPROVING AND MAINTAINING A TOP QUALITY WORKFORCE

The metropolitan region is host to over 185,000 college and university students, and over

100,000 of them attend institutions located inside Baltimore. These include private institutions such as Johns Hopkins, University of Baltimore, Loyola, and Notre Dame, and public colleges and universities including University of Maryland, Morgan State, Coppin State, and Baltimore City Community College. They all serve as important producers of the highly educated workforce that makes Baltimore economically competitive, and they are a major attraction for young adults and older city residents searching for a good quality of life. These institutions require continued investment to maintain excellence and promote growth. They also are vital components of an overall economic strategy.

In addition, the Baltimore public schools are now being reformed through a unique city-state partnership that is investing substantial resources to upgrade curriculum, personnel, technology, and facilities. A major focus is on career and technology education to prepare Baltimore's youth for the jobs of tomorrow. Also, the Baltimore City Community College is playing a leading role in career and technology education.

Customized job training, placement, and support services are now being offered through a wide variety of public and private agencies, including the Mayor's Office of Employment Development, the Baltimore City Private Industry Council, the Housing Authority of Baltimore City, Empower Baltimore, the BioTechnical Institute of Maryland, Baltimore City Community College, Catalyst Associates, and the Historic East Baltimore Community Action Coalition's (HEBCAC) Bridges to Work program that connects and transports inner-city residents to suburban jobs.

Education and workforce development must continue improving and expanding for Baltimore's economy to grow stronger and faster. Various tools, including first-source hiring agreements, should be utilized to ensure that city residents gain full access to job opportunities.

ATTRACTING AND RETAINING RESIDENTS

Baltimore's greatest strengths are its people and neighborhoods. For decades the city has been steadily losing population, just like most older American cities. This trend must be reversed if Baltimore is to thrive in the 21st century. Since much of the loss has been of middle and higher income residents, it is vital that middle income working people and families, both young and old, be attracted to move into the city. New immigrants are urgently needed – from the surrounding suburbs, from across the nation, and from all over the world – to repopulate Baltimore's neighborhoods and increase homeownership in everything from newly constructed homes to renovated historic properties. The Mayor's Market Rate Housing Council and the Live Baltimore Marketing Center are just two of the many current initiatives addressing these crucial goals.

But Baltimore cannot attract very many new people if it cannot keep the residents already here. That is why residential attraction and retention efforts must go together and continue being high priorities for the city's government, business, civic, and community leaders. Baltimore's economic growth strategy will generate economic prosperity by improving the quality of life in the city and its neighborhoods, and this will in turn stabilize and grow the residential base that stimulates economic investment in future years.

STRENGTHENING STRATEGIC GROWTH AREAS IN NEIGHBORHOODS AND DOWNTOWN

Baltimore has a half century tradition of ambitious and successful urban redevelopment, particularly in and around the Inner Harbor. Now is the time to raise the stakes on developing strategic areas across the city, to attract and retain both jobs and residents. These include the expansion of the downtown to the east, west, and south; the federal Empowerment Zone and Homeownership Zone; the state Enterprise Zones; the Port of Baltimore and industrial land surrounding it; the rebuilding of public housing communities through HUD's HOPE VI program; development of industrial and business parks by BDC; and a vast array of neighborhood improvement initiatives, from Sandtown-Winchester to Historic East Baltimore to Patterson Park to Waverly.

PlanBaltimore, with its extensive citizen participation process, Empower Baltimore, with its village centers, the Downtown Partnership of Baltimore, and many other task forces and local initiatives provide models for community planning and recommendations for collaborative action through public-private partnerships. The city's economic growth strategy must focus on promoting key investments and incentives to spur both new development and renovation that will stabilize Baltimore's communities, strengthen business activities and expand job opportunities for the city's residents.

LINKING ECONOMIC GROWTH TO FISCAL MANAGEMENT

Baltimore has maintained a consistently good municipal credit rating through prudent fiscal management and avoidance of excessive borrowing. However, this fiscal conservatism comes with a price tag: heavy reliance on property taxes and state and federal grants. Federal and state grants are too uncertain to count on over the long term, as cutbacks in the 1980s and 90s have already demonstrated. And drawing over 53% of total annual general fund revenues from property taxes, far in excess of most other cities, may have helped stimulate the population loss that the city has suffered in recent decades. It is essential to diversify the revenue sources and expand funding for basic services as well as economic investments if Baltimore is to grow its tax base and strengthen its economy and population in the 21st century. In other words, the city's financial managers must change their thinking about holding back on the use of economic incentives for employment and homeownership. Baltimore must **invest more**, not less, if the city wants to produce future job growth, rising income prosperity, *and* increased tax revenues.

Doing these things will require restructuring Baltimore's revenue base to attract and retain both jobs and people, capturing the full economic product of Baltimore City within the metropolitan region and the State of Maryland. This involves a local wage tax levied where people work, reimbursable by the state based on where they live; it also involves local jurisdictions gaining a portion of the state sales tax on goods and services purchased within their respective jurisdictions, and several other new ideas for making Baltimore both more financially solvent and more economically vital. To keep its good credit rating in the long run, Baltimore must invest and grow.   The city's budget must be a tool for expanding the overall economic pie, not shrinking it.

THE GOAL: BUILDING A GLOBAL CITY OF NEIGHBORHOODS

Baltimore's new Economic Growth Strategy is not designed to reinvent the wheel. It is based on many excellent studies and plans initiated by many different public and private agencies during the past decade. The strategy recognizes and fully embraces this good work and utilizes it in creative and focused ways. In a sense, the economic strategy is the necessary companion to PlanBaltimore, building upon its extensive recommendations, yet concentrating much more specifically on generating increased economic dynamism and international competitiveness for Baltimore in the 21st century.

DETAILED ANALYSIS AND STRATEGIC ACTIONS

I. Strategic Industries

GROWING THE KEY INDUSTRY NETWORKS

Among Baltimore’s most important economic strengths are its strategic industries: the four key industry networks that fuel job and income growth. These networks – linking a diverse range of highly specialized private firms, non-profit organizations, and public agencies that engage in particular types of economic activity – are Baltimore’s leading sources of innovation, productivity, and global competitiveness. Key networks are those in which Baltimore maintains a competitive edge with respect to other cities around the world. This global advantage results from building upon Baltimore’s strongest and most unique assets. For example, Johns Hopkins University conducts more medical research funded by the National Institutes of Health than any other research institution in America. Such depth of expertise is one of the factors that helps make Baltimore an international competitor in biotechnology and related medical science-based business products and services.

All together, Baltimore has four key industry networks that make the city economically competitive and vital in the new global economy: 1) Business, Professional, Financial, Non-Profit, and Information Services and Products; 2) Biomedical Research, Medical Products, and Health Services; 3) Hospitality, Entertainment, Tourism, and Specialty Retail; 4) Transportation and Trade Services and Equipment.

Together, these four key industry networks represent over 57% of Baltimore's entire job base, with the most employment stability during the 1990s, and the best prospects for job and income growth in the 21st century.

A. Business, Professional, Financial, Non-Profit, and Information Services and Products

The Business, Professional, Financial, Non-Profit, and Information Services and Products industry network represents nearly 28% of Baltimore's total employment, with over 108,000 jobs. It includes everything from large law firms, insurance corporations, banks, accounting, real estate, management consulting, architecture and design, engineering, advertising and public relations, marketing, and securities brokerage firms, to educational institutions and philanthropic organizations, and the new computer software and internet companies emerging in Baltimore. Probably the best known area of international competitive advantage for Baltimore is in securities brokerage, investment banking, and related financial services, where three firms headquartered downtown are global leaders: Legg Mason Wood Walker, T. Rowe Price, and Deutsche Banc Alex. Brown. Together these three companies employ over 3,000 people in downtown Baltimore, and each firm recently has strengthened its commitment to the city by renewing major office leases and/or expanding into new office space. These and other securities brokerage firms added nearly 1,500 new jobs during the 1990s, a 45% growth rate. They complement a variety of other law, accounting, banking, and insurance firms with national headquarters or major regional offices in Baltimore. For example, one of Baltimore's largest private employers, USF&G, was so competitive and highly skilled in its specialized lines of the property and casualty insurance business, that when the firm merged with the St. Paul Companies from Minnesota, over 1,000 USF&G headquarters jobs stayed in Baltimore. Medical and health insurance firms nearly doubled their employment since 1990, contributing new strength to Baltimore's insurance sector.

Another important element of this network is educational services and products. The world class anchors of Johns Hopkins University and the University of Maryland at Baltimore complement a wide range of other higher education institutions, including: University of Baltimore, Baltimore City Community College, Baltimore International College, College of Notre Dame, Coppin State College, Loyola College, Maryland Institute College of Art, Morgan State University, Sojourner Douglass College, and St. Mary's School of Theology. Several of these institutions -- including Loyola, University of Maryland, and Johns Hopkins -- are undergoing significant expansion, and in the process have drawn to the city new educational services corporations, most notably Sylvan Learning Systems. Indeed, employment in Baltimore's private colleges and universities grew by nearly 4,200 jobs since 1990, almost a one-third increase.

A very exciting related trend in Baltimore is the growth of investment in information technology, computer software, internet/web design, and telecommunications firms, including Teknosurf.com, GR8, Network Technologies Group, Ntegrity, Prime Business Communications, NuBase, Syscom, Genias Software, Widget Works, Adelphia Business Solutions, Early Morning Software, AssurQual, Dynatech Integrated Systems, Level 3 Communications, Cybercom, Caliber Learning Network, e.magination, and Guest Tech. In addition, BDC's new Emerging Technology Center at The Can Company in Canton is an incubator for several "infotech" companies, including IC-USA, LearnWare, reachNet, NewBlood, Web OnSite, and AlphaOmega InfoSystems. Tide Point, the old Procter & Gamble factory on Locust Point now undergoing redevelopment by Struever Bros. Eccles & Rouse, is targeting information technology businesses for its main tenants, similar to Struever's successful Can Company and Bagby Building projects. BDC's Greater Baltimore Technology Development Center in Federal Hill is currently occupied by technology firms such as Dolcom, Genox, Key Technologies, Techco, and Tetrahedron. Finally, the InfoAge Business Center in Highlandtown, which hosts a monthly technology "Beer Bash" at neighboring Mick O'Shea's pub co-sponsored by the Greater Baltimore Technology Council and the Abell Foundation, is a privately owned business incubator, home to start-up companies like Global Interactive Technologies, Machinery for Change, FireWorks, and ZIB.

The favored locations for most of these young and growing information technology and telecommunications companies are in and around downtown and the Inner Harbor, Fells Point, and Canton. Entrepreneurs, executives, and employees of these technology oriented firms are particularly attracted by Baltimore's urban lifestyle and amenities, along with affordable lease rates on commercial space in business incubators or industrial/warehouse/loft-type facilities. The Greater Baltimore Technology Council recently honored 10 growing technology firms throughout the metropolitan region, and three of these companies are located in Baltimore City.

Finally, an equally competitive edge for Baltimore is among non-profit organizations, especially those with city-focused missions. Proximity to the national capital and the northeastern corridor, Baltimore's affordable cost of living – which is below the national average for metropolitan regions – and its historic cultural environment are all positive location factors. Together, these organizations employ large numbers of people in the city and contribute both income and specialized expertise to enhancing the quality of the workforce and residential life.

In recent years Baltimore has become a magnet for national and regional headquarters of non-profit organizations. New arrivals and/or recent new buildings include the International Youth Foundation, Annie E. Casey Foundation, Lutheran World Relief/Immigration and Refugee Service, NAACP, Salvation Army, American Red Cross, Goodwill Industries, League of Historic Theaters, and the national legal fraternity, Phi Alpha Delta.

To increase the economic competitiveness of this industry network and expand jobs, we recommend four focused actions:

Action One: Strengthen Downtown to retain and attract business, professional, and financial services. Clearly the traditional Central Business District (CBD) and the Inner Harbor are the prime locations for most major firms in this industry network. Improving and expanding the development boundaries of this area through renovation and new construction, enhanced infrastructure, services, and incentives, will enable Baltimore to keep and increase jobs and incomes in these vital fields.

Action Two: Focus on expanding information technology and telecommunications firms through business incubators, financing programs, tax incentives, low cost space, technical assistance, and commercialization of research and technology development. Most of these new small firms attract entrepreneurs and professionals, many of whom become Baltimore residents. This is a very fast-growing industry network nationwide, and through targeted initiatives Baltimore can grow many local companies and jobs.

Action Three: Provide special relocation and real estate development services for large non-profit organizations. Baltimore already has demonstrated its competitive advantages as a national and regional center for non-profit groups. Energetic and focused efforts to expand this base can be a major source of jobs and residents. In addition, these non-profit groups can help develop innovative approaches to solving urban problems and delivering better city services.

Action Four: Organize Baltimore's colleges and universities to collectively promote the city as a magnet for college and university students, faculty, staff, and graduates, to support spin-off business opportunities, to provide technical assistance to Baltimore entrepreneurs and community groups, and to conduct research enhancing the city's economic development and quality of life. One of Baltimore's greatest assets is its strong concentration of higher education institutions, with more than

100,000 college and university students in the city. These institutions can contribute to economic growth by improving the city's cultural image, encouraging students to become permanent residents and pursue professional careers in the city, engaging in targeted procurement for local small minority and women-owned businesses, offering financial incentives for faculty and staff to become homeowners in the city's neighborhoods, and many other ways.

B. Biomedical Research, Medical Products, and Health Services

The Biomedical Research, Medical Products, and Health Services industry network represents over 16% of Baltimore's total employment, with more than 62,000 jobs in 1999. These include the medical schools, hospitals, research clinics, health centers, the growing number of biological and pharmaceutical companies, and life sciences-oriented information technology, telecommunications, marketing, and publishing firms. Employment nearly doubled in clinical outpatient care, home health care, and residential medical care since 1990, adding almost 5,000 new jobs.

Dr. Robert Gallo's new Institute of Human Virology is a prime example of the growth potential in this industry network. This network holds the best prospects to become a new global center of innovation in new research and development, business products, services and production processes – Baltimore's "Silicon Valley" of large-scale job growth and rising incomes. Indeed, central Maryland already has the third largest concentration of biotechnology firms in America, behind the San Francisco Bay Area and metropolitan Boston.

Baltimore City has demonstrated its competitive advantage with the entrepreneurial success of homegrown research and development "spin-off" firms, including Guilford Pharmaceuticals with 160 jobs and a new building in BDC's Holabird Business Park that grew out of research at Johns Hopkins, and University Pharmaceuticals which was spun off by researchers from the University of Maryland Medical System. In addition, Osiris Therapeutics and Chesapeake Biological Laboratories (CBL) are two rising biotechnology companies that recently relocated to the city's federal Empowerment Zone, with Osiris coming from Cleveland and CBL moving from Baltimore County. Working together with the Baltimore City Community College, the BioTechnical Institute of Maryland, and the Empower Baltimore Management Corporation, both Osiris and CBL have established successful laboratory technician job training and placement programs for the city's EZ residents.

Baltimore Biomedical is a firm established in BDC's Greater Baltimore Technology Development Center, IC-USA is a telemedicine "infotech" company in BDC's Emerging Technology Center at The Can Company, and five new firms are located in BDC's Bard Life Sciences Center laboratories at the Baltimore City Community College: University Pharmaceuticals, AuRX, Brassica Protection Products, ProBiotix, and Rubicon Laboratories. The BioTechnical Institute of Maryland, an employment training organization, also is housed at Bard. Baltimore has a good track record of drawing biomedical companies and institutions from across the country, such as Chesapeake Biological Laboratories and Osiris Therapeutics in the Empowerment Zone, the NIH National Human Genome Research Institute and two other NIH research institutes plus the Maryland Bioprocessing Center and the Alpha Center business incubator at the Johns Hopkins University Bayview Campus, the American Red Cross National Histocompatibility Laboratory at BDC's Seton Business Park, the Institute of Human Virology located downtown near the University of Maryland, and the Columbus Center of Marine Biology in the Inner Harbor. In addition, specialized services for the medical care and life sciences industry – ranging from information technology and telecommunications to publishing and facilities design – are growing in Baltimore through firms including Community of Science, Medical Communications Network, and Health Design Group.

Baltimore is the center of a region that is itself a nationwide magnet for high quality health care and biomedical research. Johns Hopkins alone is consistently the largest annual recipient of federal research grants from the National Institutes of Health. According to the Association of Maryland Hospitals and Health Systems, over one-third of the hospitals and health systems in the entire State of Maryland are located in Baltimore City. These institutions include: Bon Secours Hospital and Health System, New Children's Hospital, Church Home and Hospital, Deaton Specialty Hospital and Home, Franklin Square Hospital Center, Good Samaritan Hospital, Greater Baltimore Medical Center, Harbor Hospital Center, Johns Hopkins Hospital/Health System/Bayview Medical Center/Kennedy Krieger Institute, James Lawrence Kernan Hospital, Keswick Multi-Care Center, Levindale Hebrew Geriatric Center and Hospital, Liberty Medical Center, Lifebridge Health, Maryland General Hospital, Mercy Medical Center, Montebello Rehabilitation Hospital, Mt. Washington Pediatric Hospital, St. Agnes Hospital and Health Care, Sheppard & Enoch Pratt Hospital, Sinai Hospital and Hebrew Medical Center, Union Memorial Hospital, University of Maryland Medical System, and the Veterans Administration Hospital and Rehabilitation Center.

For Baltimore to spawn a "Silicon Valley" of biomedical products and technology, it must effectively nurture what experts call an "innovative milieu." This involves placing great emphasis on creative entrepreneurship, where scientific research turns into patents, and venture capital turns technological breakthroughs into new businesses, successfully making and marketing new products, production processes, and services that are export-oriented and globally competitive. The 1998 State of the Region Report by the Greater Baltimore Committee and the Greater Baltimore Alliance, comparing metropolitan Baltimore with 19 similar metropolitan regions, found that metropolitan Baltimore lagged behind many of these regions in five key measures: metropolitan Baltimore ranked 11th in the value of manufacturing output, 12th in venture capital investments, 15th in patents granted, 16th in business start-ups and small firm growth, and 18th in export sales. Baltimore City and the surrounding counties must work together to improve their economic performance by creating a climate of innovation and entrepreneurship. With the strong base of quality institutions and talented people in the city, Baltimore City can lead these efforts and gain a large share of the economic benefits.

Action Five: Emphasize and encourage technology transfer from researchers to producers. For example, work closely with the new Maryland Science, Engineering, and Technology Development Corporation to promote commercialization of biomedical technology research conducted in Baltimore-based institutions and to

finance start-up companies located in Baltimore City. Public and private economic development entities should provide financial and technical assistance to small start-ups and growing companies, and create a center for commercialization of university and hospital research and product development. The State of Maryland has just created a statewide vehicle for technology commercialization and venture financing. Baltimore institutions and agencies should work closely with this new corporation to ensure that it specifically targets life sciences researchers in Baltimore and new or expanding biotechnology companies that locate their operations within the city.

Action Six: Expand business incubators. Business incubators provide very important assistance for start-ups and young firms: low-cost space, networking with entrepreneurs and professionals in the same field, low-cost sharing of production equipment and business services. The city's existing incubators, including the Greater Baltimore Technology Development Center, the Bard Life Sciences Center, the Emerging Technology Center, InfoAge Business Center, and the Alpha Center at Johns Hopkins University's Bayview campus, are performing an essential role. Clearly, additional resources are needed to incubate and grow many more innovative firms.

Action Seven: A new science park should be built in an area well-located to serve both the University of Maryland Medical System and Johns Hopkins University Hospital and Medical School. The examples of Guilford Pharmaceuticals and University Pharmaceuticals point to the need for greater availability of close-in land and building space for spin-off firms as well as relocated companies to grow in close proximity to the major biomedical research institutions and their expert faculty. The best way to do this is to build a new science park directly tailored to this purpose, just as the Stanford Industrial Park adjacent to Stanford University's campus was the original catalyst for the expansion of Silicon Valley spin-off corporations like Hewlett-Packard.

Action Eight: Provide special incentives to attract biomedical technology firms and institutions. The examples of Osiris Therapeutics, Chesapeake Biological Laboratories, the Institute of Human Virology, the National Human Genome Research Institute, and others highlight Baltimore's great potential to act as an economic magnet for talent from around the world, as Silicon Valley does for information technology. For Baltimore to attract more companies and laboratories along with ambitious and talented people, specially targeted economic incentives must be readily available, widely marketed, and efficiently utilized.

C. Hospitality, Entertainment, Tourism, and Specialty Retail

The Hospitality, Entertainment, Tourism, and Specialty Retail industry network represents nearly 7% of Baltimore's total employment with almost 27,000 jobs. With an abundance of hotels, restaurants, stores, museums, galleries, theaters, sports stadiums, the convention center, the arena, auditoriums, historic sites, and many other attractions, downtown and the Inner Harbor are key to the continued growth and success of this network, which also includes many neighborhood businesses and institutions. Entertainment employment – in commercial sports, motion picture production and services, live theater, music and dance performances, museums and art galleries, botanical gardens – more than doubled between 1990 and 1998, adding over 3,300 new jobs.

The Inner Harbor is now a major regional and national destination with over 13 million visitors in 1998. More than 525,000 people attended over 500 conventions in Baltimore during 1998, and the city had 5.2 million overnight visitors last year, an 11% increase over 1997.

This industry network will play a key role in bringing Baltimore both global marketing and a stronger employer base. The Downtown Partnership of Baltimore reports, “Starting in the early 1970s, a partnership of private developers and key governmental leaders initiated nearly two decades of development activity resulting in a host of projects which now adorn the Harbor skyline, including Harborplace, the World Trade Center, the Maryland Science Center, the Baltimore Convention Center, National Aquarium in Baltimore, Renaissance Hotel in The Gallery, the Hyatt Regency Hotel, Sheraton-Inner Harbor Hotel, and many new Class A office towers along Pratt Street....The new-found success of the Power Plant, the opening of the Port Discovery Children’s Museum, the transformation of the former Hamburger’s building into a new home for the Johns Hopkins University Downtown Campus, the addition of a dozen new national retailers at Harborplace and The Gallery, and the success of Oriole Park at Camden Yards and PSINet football stadium are testaments to the fact that Downtown, particularly the

Pratt Street corridor, is in the midst of a new economic renaissance."

Another vital asset for this industry network is Baltimore's historic character as one of America's oldest and most well-preserved large cities, with cultural traditions from Francis Scott Key to Edgar Allen Poe to Babe Ruth to Thurgood Marshall, and ethnic and religious traditions from the oldest Catholic archdiocese in America to the founding national headquarters of the NAACP. Because of these traditions, Baltimore's neighborhoods are also major visitor attractions, from Fells Point to Pimlico Race Track.

To continue strengthening this vitally important economic sector which exports the sale of lodging and hospitality services, food and beverages, entertainment and cultural experiences, and much more, several key actions are needed:

Action Nine: Renovate the Hippodrome Theater for live entertainment. The historic Hippodrome theater on Howard and Baltimore Streets downtown is now owned by the University of Maryland at Baltimore, and its renovation and reuse will serve as an anchor for the revitalization of downtown's west side, as well as a major attraction for city, regional, and international visitor activity. With full funding from the State of Maryland, this old vaudeville stage can be rebuilt as a 2,200 seat legitimate theater to showcase Broadway plays and musicals, concerts, and other "headliner" entertainment offerings.

Action Ten: Build a new Baltimore Arena at or near its current site. A recent feasibility study by PricewaterhouseCoopers documents both the city's need and opportunity to construct a new Baltimore Arena to replace the 30-year old outdated structure. Baltimore is now the largest American city without its own National Basketball Association or National Hockey League team, and a new arena would be the vehicle for obtaining one or the other. An NBA franchise, which Baltimore once had, is expecially desirable. Even without an NBA or NHL team, a new Baltimore Arena would be a major draw for a wide variety of sports and entertainment events, supplementing nearby Convention Center activities. It should be built on its current site, or nearby, to stimulate redevelopment of downtown's west side and strengthen the critical mass of visitor activity creating jobs in the center of Baltimore.

Action Eleven: Develop large convention-oriented hotels in the Inner Harbor close to the Baltimore Convention Center. Baltimore is a major tourist and visitor destination, with more than 13 million people annually coming to the city for sports and recreation, entertainment, dining, arts and culture, and conventions. Over 40% of all the hotel rooms in the entire region are located in downtown Baltimore. Yet compared to other cities, Baltimore has room to grow. The new Baltimore Convention Center, while attractive in design and state-of-the-art in functionality, is relatively small – 300,000 square feet, much less than Atlanta's 1.5 million square feet, Cleveland's 900,000 square feet, or even Washington DC's 700,000 square feet, a facility that will soon be replaced by a new center twice its size. Similarly, Baltimore's total number of downtown hotel rooms in 1997 was 5,500, compared to Washington DC's 24,000 rooms, Atlanta's and San Diego's 13,000, or Boston's 12,000.

Even with the major new hotel currently under construction at Inner Harbor East, Baltimore needs more hotel rooms and convention-type space to compete more effectively with other large cities across the globe. Currently there are various plans to develop several large, convention-oriented hotels and conference centers in the Inner Harbor, near the Baltimore Convention Center. This will provide both lodging accommodations for convention attendees, and meeting room and ballroom facilities for conventions to supplement the exhibit and meeting space in the Convention Center. Baltimore should place a high priority on building convention-oriented hotels to attract more jobs and dollars into the city's economy.

Action Twelve: Promote neighborhood arts, culture, and tourism. Baltimore's rich and diverse traditions are deeply embedded in the city's neighborhoods. Promoting neighborhood arts, culture, and tourism – and showcasing the city's historic heritage – will both expand the overall hospitality industry network in terms of job opportunities and help improve economic prosperity and quality of life in the neighborhoods where Baltimoreans live. This will help accomplish another important goal: attracting and retaining residents, by enhancing the charm, ambience, safety, and appearance of the city's many communities. Recent public and private loans and grants to renovate the historic Senator Theatre in Belvedere Square and the Eubie Blake National Jazz Institute and Cultural Center are examples of the types of cultural activities that should be encouraged and expanded.

Action Thirteen: Bring the 2012 Summer Olympic Games to the Baltimore - Washington area. The joint application of metropolitan Baltimore and metropolitan Washington to co-host the 2012 Summer Olympic Games is a vital economic growth initiative. The 1996 Summer Olympic Games in Atlanta brought international recognition to the city, opened up new long-term global economic relationships, and directly pumped over $5 billion into the local economy. More importantly for Baltimore City, the preparation for the 1996 Atlanta Olympics involved spending billions of dollars in major transportation and infrastructure improvements, new sports facilities, new housing, new parks, and many other major physical investments in the downtown, inner city neighborhoods, and key institutions such as colleges and universities that housed international athletes and hosted competitive events. If the Baltimore-Washington area wins the 2012 Olympic designation within the next few years, preparation will help encourage a new Baltimore Arena, a “mag-lev” high-speed rail line from downtown Washington to downtown Baltimore and BWI Airport, and many other important public-private investments that will be a platform for future economic investment, business growth, and job creation both downtown and in Baltimore’s neighborhoods, particularly those with key institutions and public venues.

Action Fourteen: Encourage film, television, and video production in Baltimore through financial incentives, expedited regulatory approvals, logistical assistance,

festivals, and aggressive international marketing. Producer-director Barry Levinson, a Baltimorean, has featured the city in several Hollywood films and in his dramatic TV series, "Homicide." Baltimore's historic traditions and classic look make it an attractive visual media production site. Filming in Baltimore is relatively low-cost compared to other major cities, including the nation's capital, and Baltimore has an excellent pool of local creative and technical talent for producers to draw upon. A higher volume of media production would help further expand Baltimore's pool of talented media and arts professionals, as well as create many other good jobs and bring in needed dollars to the local economy. Finally, films, television programs, music videos, and other types of educational and entertainment media will broadcast the many interesting features of Baltimore's neighborhoods, thus marketing the city worldwide as an attractive place for visiting, working, living and playing.

D. Transportation and Trade Services and Equipment

The Transportation and Trade Services and Equipment industry network represents over 6% of total employment, with close to 24,000 jobs. Key economic engines include the Port of Baltimore and the Baltimore-Washington International Airport, along with a host of suppliers and related firms that move people and products around the city and region, and throughout the world.

This industry network is one of the strongest in the city's economy: jobs increased by more than 17% from 1991 to 1998. In 1997, metropolitan Baltimore exported over $2.1 billion in goods alone, not including the value of services, and most of these products were shipped from Baltimore City. The world-class Port of Baltimore directly accounts for nearly 18,000 jobs throughout the metropolitan region, many of them in the city. It is the third biggest water port in the eastern United States, utilizing state-of-the-art containerization technology, and it is one of the world's leading "roll on/roll off" ports for the shipping of motor vehicles in large volumes. The fast-growing BWI Airport has generated major job gains for Baltimore City in the air express business and related activities, which grew from almost nothing at the beginning of the decade to over 7,000 jobs in 1998. Baltimore's railroad and highway facilities are generally considered excellent both for shipping goods and connecting people to the American and world markets.

Baltimore's Foreign Trade Zone provides substantial savings on import duties and tariffs – along with regulatory flexibility, fast-track processing, and freedom from import quotas – for companies importing and exporting certain types of materials and products internationally. Since its establishment in 1985, the city's Foreign Trade Zone has become a significant attraction for business activity, growing rapidly to encompass over two million square feet of industrial and warehouse space utilized by many companies in a wide variety of business fields including auto parts, electronics, chemicals, electrical components, food products, pharmaceuticals, consumer goods, and ship building – with opportunities for significant expansion in the near future.

Maintaining and strengthening Baltimore's competitive edge in Transportation and Trade Services and Equipment will require major new capital investment in the basic infrastructure, along with several policy changes and regulatory reforms to stimulate business expansion and job growth. Several key actions are urgently needed:

Action Fifteen: Upgrade Baltimore's railroad infrastructure to accommodate double-stacked freight container shipping cars inside the CSX railway tunnels. The prevailing technology for cargo handling is the use of large containers to transport goods from ships to trains to trucks. The Port of Baltimore is well-equipped to handle containers from ships, but the existing configuration of the CSX rail tunnel is a problem. This tunnel currently accommodates only single-stacked large containers, but the most advanced practice today is to double-stack large containers in order to move a higher volume of goods more efficiently at less cost per unit. Enlarging the rail tunnel for double-stacked containers loaded on freight cars will be expensive, but it is much more costly to Baltimore's economy to lose out in competition with other east coast ports due to antiquated facilities. This issue is vitally important, and it will quickly become urgent unless corrective action is taken during the next few years.

Action Sixteen: Dredge the shipping lanes regularly to maintain the Port of Baltimore as a deep-water shipping facility. For the Port of Baltimore to remain globally competitive, the shipping channels for ocean-going vessels must be up to 50 feet deep. These shipping lanes are continually eroded and can become impassable for larger vessels with heavy cargo if dredging is not regularly performed. Therefore dredging the harbor, though costly, is economically essential to improve the Port's prospects for job creation and retention.

Action Seventeen: Enhance the technological infrastructure of the Port to increase containerized cargo capacity. Containerization is the name of the game in the advanced technology of transporting many types of goods around the world, especially bulky and/or heavy materials and products. The Port of Baltimore must keep up with its competitors by investing in new equipment and technologies, increasing its capacity to handle the most modern and challenging categories of containerized cargo.

Action Eighteen: Expand the Foreign Trade Zone to encompass a larger geographic area and a greater share of international shipping activity in the Port of Baltimore. The Foreign Trade Zone is a proven success for Baltimore and demand continues to grow rapidly. Obtaining permission from the federal government to expand the size and scope of the zone will help increase jobs and business use of transportation and trade services at the Port of Baltimore.

Action Nineteen: Streamline Baltimore's regulations to coordinate the State of Maryland and Baltimore City's trucking inspections. This action will save time and money both for private freight handlers and for the city government through increased efficiency. Currently overlapping authority between local and state government over regulating trucks moving through the city results in confusion, delay, costly duplication, and lost revenues to the city government through inadequate enforcement of existing regulations. By letting the State of Maryland conduct the inspections and collect the fees for Baltimore City government, trucks will move more smoothly and rapidly through Baltimore, and the city will both save on administrative costs and gain in revenue collections.

Action Twenty: Develop the Chesapeake Business Center as a warehousing and distribution facility. At the site of a former Exxon oil tank storage facility near the south Baltimore waterfront in Canton, the Baltimore Development Corporation proposes to engage in "brownfield" clean-up of the partly contaminated soil, and commercial redevelopment of the site as an industrial park for firms engaged in international transportation and trade services related to the Port of Baltimore. The emphasis will be on leasing land and building space to companies emphasizing employment-intensive uses, rather than bulk storage. Redevelopment of the Chesapeake Business Center would create over 1,500 jobs. With its excellent location for distribution activities, the Center would help strengthen Baltimore's industry network in transportation and trade services and equipment.

GROWING BUSINESSES AND JOBS ACROSS THE PRIVATE SECTOR

Baltimore has been more aggressive than most cities in promoting job growth through economic development. Just in the last few years, the Baltimore Development Corporation, Empower Baltimore, the Downtown Partnership, and many other public and private agencies have provided services and incentives to retain, attract, or expand 340 companies and organizations, involving almost 21,000 jobs in the city, and total private and public investment of nearly $785 million.

Yet even these impressive efforts can successfully be expanded, both through creating new tools and incentives, and through increased use of existing resources. The city needs new tools, including land banking and reformed Tax Increment Financing (TIF). It should also expand existing incentives, especially Payments in Lieu of Taxes (PILOT) and capital funding.

In addition to specific actions to grow each of Baltimore's four key industry networks, there are various actions that will help all of them grow. These actions also will promote business development and employment expansion across the entire private sector, both for-profit businesses and non-profit organizations. There are key investments that will create a better business climate in general, and retain or attract particular companies as well. Further, local, metropolitan, and state public and private economic development agencies can and should more aggressively promote job growth using a wider variety of tools. This section of the economic growth strategy recommends major actions for increasing both investments and incentives.

Action Twenty-One: Build a high-speed magnetic levitation railroad train line between downtown Baltimore, downtown Washington, DC, and BWI Airport. One of the most important actions that will strengthen the economic competitiveness of Baltimore's four key industry networks, and indeed the entire private sector, is to develop "mag-lev" train service from Camden Yards near the Inner Harbor in downtown Baltimore to Union Station in downtown Washington, DC, with a separate spur from Baltimore-Washington International Airport to Washington. This super high-speed train will transport passengers between Baltimore and Washington in just 15 minutes. Trip time between Washington and BWI Airport will be about 14 minutes. The fare for riders would be less than the current price of Amtrak train service.

The total cost for this strategic investment – $2 billion -- is far more economical than the going rate for constructing a new highway of comparable length, and the benefits are much greater. Mag-lev will create nearly 4,000 new permanent jobs, and bring an additional $100 million in visitor spending into Baltimore's economy. Mag-lev represents a perfect implementation of the State of Maryland's commitment to "Smart Growth." Also, it will stimulate housing demand and homeownership in Baltimore, by making it easier for both city residents and employees in the city's firms and organizations to commute farther and faster.

Such high-speed service would strengthen the bonds connecting the two regions, making it easier to transact business on a daily basis between the two cities, thus enhancing the position the Baltimore's private sector through increased accessibility. It will certainly increase the market for conventions and visitors, and make BWI Airport much more competitive with Washington's Reagan National and Dulles Airports. If Baltimore is to become a global center for biomedical technology research and products, the mag-lev train, bringing the city closer to the nation's capital, the National Institutes of Health, and the Food and Drug Administration, will be a positive factor. Baltimore's growing firms in information technology and telecommunications will gain from greater proximity to the burgeoning internet companies in northern Virginia. Also, the mag-lev would certainly enhance the Baltimore-Washington bid to attract the 2012 Summer Olympic Games. A 1997 commercial feasibility study conducted by the U.S. Department of Transportation identified the Baltimore-Washington corridor as the most economically viable for a mag-lev train line of any comparable regional corridor in America.

Finally, the Baltimore-Washington mag-lev rail line can become the catalyst for installing mag-lev throughout the northeaster United States, with high-speed passenger service from Baltimore to Philadelphia, New York, Boston, and elsewhere. Northeast corridor mag-lev trains could then be used for freight rail service, moving relatively light weight, high value finished goods such as computers and stereos to markets much faster than trucks and far less expensively than airplanes. Baltimore's position as a world-class transportation center would be greatly improved. The transportation and trade services and equipment industry network would grow jobs as a result, and jobs would also increase in firms engaged in other kinds of manufacturing and distribution. In recognition of these important potential economic benefits, the U.S. Department of Transportation recently provided the State of Maryland's Mass Transit Administration (MTA) with a $1.3 million federal grant, supplemented by $650,000 in state and local matching funds, to begin pre-construction planning for the Baltimore-Washington mag-lev train line.

Action Twenty-Two: Increase the use of Payments in Lieu of Taxes (PILOTs) as an economic incentive to spur job growth and physical development. Many new development projects require financial assistance, especially in the early years, to level the playing field with suburban sites. Land costs, parking costs, construction costs, property taxes, and other expenses are generally somewhat higher in major cities than in their surrounding counties, and Baltimore is no exception. Businesses are attracted to Baltimore City because of product markets, a sizable workforce, transportation accessibility, lifestyle amenities, availability of a wide range of specialized goods and services, proximity to other businesses and public agencies, and many other factors. To overcome the cost differential and retain and attract companies, Baltimore's economic development activities must include lowering the cost of doing business in the city to make private investment more financially viable, particularly for smaller, growing firms or developers whose projects will substantially improve the community environment. One of the best incentives is payments in lieu of taxes (PILOTs).

PILOTs enable the Baltimore government to bypass the normal property tax assessments and instead negotiate with companies for lower rates that fit their budget and make new investment possible. Companies will pay some taxes, just not as much as they would be required to do under regular assessments. Strengthening the overall economy allows Baltimore to collect more total revenue from rising incomes and spending, outweighing the initial cost of the city's PILOT contribution. Baltimore gains by generating more economic activity – jobs, incomes, development, and tax collection – than would otherwise happen. PILOTs can be the "dealmakers" that enable private investment to go forward and jobs to be created that otherwise would not occur.

Action Twenty-Three: Initiate "land banking" to ensure that Baltimore has an ample supply of affordable sites available for commercial, industrial, and residential development. Baltimore's past population and job loss has left behind vacancy and abandonment in many areas of the city. Abandoned buildings and vacant land can become blighting factors in communities, creating uncertainty with neighbors, attracting crime, illegal trash dumping, and other undesirable activities. These sites frequently are held by absentee owners with no incentive to make basic improvements or even pay property taxes. Yet such sites, both large and small, can be a tremendous economic development opportunity for Baltimore, fostering new offices, stores, homes, parks, and other productive uses. This will help level the playing field for Baltimore in competing with an abundance of readily available suburban "greenfield" land. Through land banking, the city will always have in its portfolio a variety of desirable development sites to offer as inducements for new investment to retain and attract businesses and residents.

The Baltimore City government should have the legal authority to obtain abandoned and vacant properties from absentee and delinquent owners in a timely fashion, before they become neighborhood eyesores. Once the city government receives legal possession, it can keep these properties clean and safe, and market them effectively to prospective developers, investors, and homebuyers. The Baltimore City government created the Community Development Financing Corporation several years ago to provide affordable financing for private redevelopment of vacant or abandoned properties in the city, through acquisition loans, construction and renovation loans, and long-term mortgages. CDFC also makes available financing through a special Vacant House Loan Program to promote homeownership for individuals and families renovating blighted properties and converting them to their primary residence. To date, CDFC has loaned over $100 million to help property owners improve more than 3,000 neighborhood homes.

To further the prospects for redeveloping vacant properties, the Baltimore City government can put together several adjacent parcels and market them as a single property, customized to meet the needs of potential purchasers. Cleveland has an aggressive program in land banking that uses this technique to reverse blight, increase homeownership, and bring businesses and jobs back into neighborhoods. Given the right legal tools and budget resources, Baltimore can acquire, market and redevelop vacant and abandoned properties more effectively than Cleveland, Philadelphia, or any other city.

Action Twenty-Four: Increase Baltimore's capital funding capacity to promote

economic development and private investment. Establish a debt service reserve fund to cover the initial costs of bond financing and loan repayment for revenue-generating economic development projects. A vital source of public investment dollars to expand jobs and homeownership, promote economic and community development, and accomplish other key goals is Baltimore's annual capital budget raised through the sale of general obligation bonds approved by the voters. The Baltimore Development Corporation uses approximately $8 million per year to acquire and redevelop properties for business and industrial parks along with other means of attracting and retaining businesses and jobs through private development. BDC also uses capital funds to make loans to companies for retention, expansion, and attraction of jobs. The Department of Housing and Community Development uses up to $11 million annually in capital funds to promote homeownership through the Settlement Expense Loan Program (SELP) and related financing initiatives, along with property acquisition and redevelopment to improve neighborhoods. Funds from Baltimore's capital budget are much more flexible to use than federal or state grants and loans, which come with many strings attached. The potential future uses of the city's capital funds are extensive, and they can contribute powerfully to an effective economic growth strategy, creating jobs and prosperity and improving the overall quality of life for families and neighborhoods.

To engage in a greater number and size of capital projects – leverage private investment and creating more jobs – Baltimore must increase its debt ceiling in order to borrow more capital funds through the sale of general obligation bonds to investors in the municipal bond market. For years, the city government has maintained a *self-imposed* debt ceiling – not imposed on the city by the federal or state government – of $45 million to be repaid in no more than 20 years. This debt ceiling can be prudently yet substantially increased. A recent study by the Institute for Policy Studies at Johns Hopkins University indicated that Baltimore could legitimately borrow through its annual capital budget up to $60 million in general obligation bonds to be repaid over 40 years.

The justification for Baltimore's self-imposed and relatively low debt ceiling is to uphold the city's good credit ratings with Standard & Poor's, Moody's Investors Service and the other municipal bond rating agencies. However, numerous cities with credit ratings comparable to Baltimore's borrow proportionately higher amounts for their capital budgets. For example, in 1996 Baltimore devoted 3.7% of its budget revenues to repay the debt service on its general obligation bonds. The Government Finance Officers Association reports that Cleveland spends10.6% of its revenues on debt service, yet it has a credit rating slightly higher than Baltimore according to Standard & Poor's, and a bit lower than Baltimore's as determined by Moody's. St. Louis, on the other hand, maintains an even smaller debt ratio than Baltimore's, but despite such fiscal conservatism, it still has lower credit ratings.

Indeed, Baltimore is significantly out of line with the current standard, and could increase its municipal borrowing very carefully, without jeopardizing its good credit ratings. The bottom line is that Baltimore can and should expand its general obligation bond borrowing capacity. This will enable the city to invest as much as possible in growing its tax, job, and population base by stimulating private sector commercial and residential growth. To ensure fiscal soundness and maintain Baltimore's good credit, the city government should establish a debt service reserve fund to cover the initial loan repayment costs of general obligation bond financing in the early years of revenue-generating economic development projects.

Action Twenty-Five: Increase financing resources for business start-ups, expansion, and relocation. Greater availability of debt and equity capital should be combined with managerial and technical assistance to help businesses find markets, facilities, and workers. Along with loans from BDC, there are numerous other funding sources available, from the Small Business Administration's One Stop Capital Shop in the Empowerment Zone, to the Baltimore City pension funds that are investing in local businesses and commercial development projects to create jobs, to Anthem Capital, a small business investment company formed at Mayor Schmoke's urging that provides capital for small and growing local firms. Anthem Capital invested $1.5 million in Cardiologic several years ago, enabling this new biomedical product manufacturer to expand its operations in Baltimore. Other pools of financing come from local lending institutions, and the federal Community Reinvestment Act (CRA) encourages them to make both commercial and residential loans that serve Baltimore City, its smaller entrepreneurs, and its neighborhoods. The city's Development Credit Fund includes $7.5 million contributed by Baltimore's largest banks to help finance commercial loans for minority-owned businesses. Similarly, the city's Community Development Financing Corporation, which makes loans for renovating vacant homes, was capitalized in 1989 with a $30 million commitment from major Baltimore banks. Both of these were significant CRA commitment by private lenders. These types of commitments should be expanded in terms of financial resources, and more extensively marketed to potential borrowers among business owners and homebuyers.

In addition to the SBA and Empower Baltimore, many other organizations provide technical and management assistance to the city's smaller firms. These providers include Baltimore's public and private colleges and universities, as well as groups such as Baltimore Advisors, an affiliate of the Initiative for a Competitive Inner City that was created by Professor Michael Porter of Harvard Business School. Baltimore Advisors has assisted nearly two dozen for-profit businesses and non-profit organizations in its first couple of years in operation, including Black Classic Press, Charm City Concierge, Crave Technologies, Fetch Company, Fox Industries, Furst Printing, Intelect Corporation, JAG Industries, Living Classrooms Foundation, Maryland Community Kitchen, National Information Services Corporation, Premier Seating, Reese Press, Saval Foods, Senator Theatre, Techmark Corporation, Tops Unlimited, Universal Counseling Services, USPMG, and Waterford Caseworks. Recently Baltimore Advisors held its first annual Urban Enterprise 25 Awards Dinner, honoring 25 small but rapidly growing Baltimore-based firms that together created over 6,400 new jobs in the city between 1994 and 1998, and collectively earned nearly $1 billion in revenues during 1998, a 250% growth rate over the four-year period! Though excellent progress is being made, still more financial and technical support is needed for Baltimore to significantly increase its private sector employment base.

Action Twenty- Six: Target financing and technical assistance to minority- and women-owned and community-based small businesses. The Clinton Administration's recently established New Markets Initiative, BusinessLINC program and HUB Zones federal procurement targeting highlight the importance of strengthening business-to-business mentoring, contracting, and financing to expand opportunities and grow markets for minority- and women-owned and neighborhood-based small companies, including those affiliated with community development corporations and other local non-profit groups. The Baltimore City government should lead the way in mobilizing public and private sector executives to increase their focus on assisting and growing small businesses. The Baltimore Urban League, the Council for Economic and Business Opportunity, and many other organizations in the city are working with the state and federal government and local corporations and banks to promote neighborhood entrepreneurship, and such strategies should be vigorously pursued with additional resources and more widespread publicity. Baltimore has a strong foundation to build upon: the Greater Baltimore Committee found that metropolitan Baltimore ranked sixth in the percentage of women-owned firms and seventh in the percentage of minority-owned firms compared to 19 other U.S. metropolitan regions of similar size and economic strength.

Action Twenty-Seven: Strengthen the "Buy Baltimore" campaign by urging both public agencies and private companies and organizations to substantially increase their procurement of goods and services from Baltimore-based suppliers and contractors. This will expand local jobs and business opportunities, and add new dynamism and growth to the four key industry networks. The Regional Economic Studies Institute at Towson State University conducted a survey and analysis for BDC and identified many potential new procurement opportunities from a concerted "Buy Baltimore" campaign that would create jobs and expand both individual businesses and the key industry networks, both for existing Baltimore firms and for companies that can be encouraged to relocate in Baltimore. (Insert RESI tables here) Baltimore City government agencies should work closely with the private sector to produce the maximum economic benefits from "Buy Baltimore" efforts. In particular, targeted procurement by the public and private sectors is an excellent way to help grow minority-owned and community-based small businesses.

Action Twenty-Eight: Enable Baltimore to fully utilize Tax Increment Financing (TIF) to raise public capital investment dollars for stimulating large amounts of new private investment in redeveloping downtown and neighborhood areas. Tax Increment Financing, or TIF, is a widely-used and very effective economic development tool for promoting new private investment in targeted areas where it would not otherwise go. It enables the Baltimore City government to sell bonds to obtain capital to redevelop an entire area by installing and upgrading infrastructure and amenities that reduce costs and increase attractiveness for private developers, businesses, organizations, and residents to invest in the community revitalization process. The basic tax level is frozen at the beginning of redevelopment, and continues to be paid to the regular taxing authorities at the regular rate. From that point on, any increases in taxable value are devoted to repaying the bonds sold to obtain the public capital for community reinvestment and development. The new investment causes values to rise, and these rising values produce the revenues to retire the initial debt. Thus, under TIFs, development "pays for itself," and generally the private sector, the public sector, and the community all benefit in terms of creating, increasing, and improving jobs, businesses, housing, amenities, tax revenues, and many other benefits.

TIFs are now extensively and successfully used in a wide variety of cities and suburbs in numerous states, from Illinois to California. Chicago has promoted new commercial, industrial, and residential investment in major portions of its downtown and neighborhoods during the past 15 years, and in nearly every case, property values have risen substantially higher in those areas than the citywide average. Indeed, one recent study of 73 TIFs created prior to 1990 in Cook County, including TIFs located in Chicago and many of its neighboring suburban communities, found that overall the property tax base grew four times faster than the average growth rate for the rest of the local jurisdiction. Another recent study demonstrated that every dollar of TIF funds generated between four and six dollars of additional private investment in the TIF-designated redevelopment areas.

Advocacy by the Baltimore City Mayor's Economic Incentives Task Force during the past few years successfully convinced the Maryland Legislature to permit TIFs in the city. Unfortunately, the current state law mandates that a citywide referendum be held to approve the creation of TIF districts, a cumbersome and costly procedure that leads to delay and uncertainty for prospective private investors and developers. The state law should be changed to allow the Mayor and City Council, Baltimore's public officials elected by the voters, to establish TIFs without holding a citywide referendum, which is now permitted in all other Maryland counties. This change in state law will make possible the strategic use of TIFs for economic and community development in Baltimore City. TIFs literally induce rising tax revenues where they would not otherwise exist, by promoting the vitally needed public and private investments that make possible both rising tax revenues and increasing jobs. To quote from the Taxpayers' Federation of Illinois: "As long as the TIF district designation is proper, any tax revenue generated from an increase in the value of property above the base value would not have occurred without the TIF project and therefore cannot be considered as revenue lost by any taxing bodies." In other words, Baltimore must invest if it wants to grow jobs, population, *and* the tax base.

Action Twenty-Nine: Expand the use of federal loans, grants, and tax incentives for economic development. The federal government has many tools available for economic development to stretch the city's resources. For example, the Departments of Commerce, Labor, Housing and Urban Development, Transportation, Treasury, Health and Human Services, Education, Energy, the Environmental Protection Agency, the Small Business Administration, the Corporation for National Service (AmeriCorps), and many other agencies have available programs in which city governments, private businesses, non-profit organizations, and community groups can compete for funding. Indeed, Baltimore has been quite aggressive in obtaining these funds. Just from HUD alone, the city has received $100 million for the Empowerment Zone, nearly $200 million in HOPE VI grants to redevelop public housing communities, a $5 million grant from the Economic Development Initiative (EDI) for the Homeownership Zone, and funds from dozens of other grant programs including Nehemiah, Youthbuild, Campus of Learners, Community Empowerment Banking, and Bridges to Work.

Other federal funding of note includes Baltimore's Healthy Start grant from HHS for Sandtown-Winchester, its grant from the Department of Commerce's Economic Development Administration for the Emerging Technology Center at The Can Company, a grant from the Department of Transportation's Federal Railroad Administration to begin pre-construction planning for the Baltimore-Washington-BWI Airport Magnetic Levitation High Speed Ground Transportation System, a Brownfields Pilot grant and a Brownfields Showcase Community grant, both from the EPA. Some federal grant funds come automatically by formula, such as HUD's Community Development Block Grant (CDBG) and HOME programs, or HHS' Title XX for community and social services.

In addition, Baltimore's Empowerment Zone provides up to $250 million in federal income tax credits to be used as incentives to promote business relocation to the Zone, expansion within the Zone, and the hiring of Zone residents. These tax incentives include: Employment Credit – up to $3,000 annually per employee for businesses hiring Zone residents; increased Section 179 Expensing – up to $20,000 per year in additional capital expense tax write-offs for businesses located in the Zone; Tax-Exempt Facility Bonds – up to $3 million in tax-exempt borrowing for capital expansion by businesses located in the Zone.

One of the most useful programs is HUD's Section 108 loan program, which enables city governments to borrow funds at favorable interest rates for self-supporting capital projects. These loans are exempt from cities' debt ceilings, because they are backed not by tax revenue but by the city's annual CDBG grant allocation from the federal government. Under the current rules, a city government can borrow up to five times its annual CDBG appropriation. Baltimore is currently eligible to borrow approximately $125 million through the Section 108 program. Some cities, such as Philadelphia and Chicago, have recently been very aggressive in using their maximum borrowing capacity. Baltimore has begun to make much greater use of Section 108 loans, with nearly $31 million outstanding in this fiscal year, a substantial increase of almost $18 million over the previous year. Such recent improvement still leaves opportunity for the city to be even more aggressive in the future by utilizing this funding source to leverage private investment and create additional jobs.

Action Thirty: Expand the use of state loans, grants, and tax incentives for economic development. The State of Maryland makes available a wide variety of loans, grants, and tax incentives for the Baltimore government, businesses already in Baltimore or relocating to Baltimore, and non-profit and community organizations in Baltimore. These initiatives come from many different state agencies, including the Department of Business and Economic Development which is headquartered in downtown Baltimore. The most recent state program is the One Maryland Fund, a set of targeted tax incentives for business start-ups and expansion that can provide tax credits of up to $500,000 each for business start-ups to furnish and equip new facilities, and up to $5 million in project tax credits for expanding businesses to acquire, build and/or renovate, and equip a facility. Businesses located anywhere in Baltimore City are eligible for the One Maryland Fund, and the city government should aggressively promote its full utilization.

In addition, there are state-designated Enterprise Zones that provide two major state tax benefits for qualified businesses: an Employment Credit, and a Property Tax Credit. All of Baltimore's federal Empowerment Zone – east side, west side, and Fairfield – is located in the state Enterprise Zone. Other parts of the city also are designated as state Enterprise Zones, including large areas of east and west Baltimore, a central area north of downtown, the Waterview industrial area, and Port Covington/Westport/Locust Point. Baltimore's business, civic, and community leadership should work with elected officials and state agencies to expand the Enterprise Zones to cover more of the city's neighborhoods and strategic economic growth areas, including major portions of downtown Baltimore.

The current draft of "PlanBaltimore" recommends combining four current state property tax credits into a Smart Growth Tax Credit. This would consolidate the property tax credits from the state Enterprise Zones, the Historic Preservation Tax Credit, the Brownfields Property Tax Credit, and the Smart Buildings Tax Credit. Such consolidation would help simplify administration, and make it easier and more accessible for businesses and property owners to understand and actually use the state's financial incentives available for redevelopment. Clearly, the issue of streamlining and strengthening state economic development tax incentives should be pursued.

Action Thirty-One: Work closely with the Baltimore Metropolitan Council, the Greater Baltimore Committee, the Greater Baltimore Alliance, the Greater Baltimore Technology Council, the Maryland Department of Business and Economic Development, and other private and public sector entities to promote metropolitan cooperation for mutual economic benefit. Since Baltimore City is the driving force of the metropolitan economy in all four of its key industry networks, the city should work together with regional and state institutions to strengthen these networks, retain and attract businesses and jobs, and stimulate growth in investment, incomes, and population. Both the GBA and DBED engage in promotional activities and trade missions throughout the world, and many of the firms interested in locating new facilities in the metropolitan region or the state are specifically interested in moving to

Baltimore City. In addition, these and other agencies also provide financial incentives for businesses to stay and expand in Baltimore, through the Enterprise Zones and other means. The city's economic growth strategy should be coordinated with metropolitan and state strategies and initiatives, in particular the joint Baltimore-Washington bid to host the 2012 Summer Olympic Games, the Mag-Lev high-speed rail line connecting downtown Baltimore with downtown Washington and BWI Airport, expansion of the Port of Baltimore and BWI Airport, expansion of the University of Maryland at Baltimore, and much more.

II. Strategic Populations

IMPROVING AND MAINTAINING A TOP QUALITY WORKFORCE

Metropolitan Baltimore is host to over 185,000 college and university students, and well over 100,000 of these students attend institutions of higher education located in Baltimore City, including private schools, such as Johns Hopkins, University of Baltimore, Loyola, and Notre Dame, and public institutions including University of Maryland, Morgan State, Coppin State, and Baltimore City Community College. These colleges and universities all serve as important producers of the highly educated workforce that makes Baltimore economically competitive, and they are a major attraction for young adults and older city residents searching for a good quality of life. These institutions require continued investment to maintain excellence and promote growth. They also are vital components of an overall economic strategy.

In addition, the Baltimore public schools are now being reformed through a unique city-state partnership that is investing substantial resources to upgrade curriculum, personnel, technology, and facilities. A major focus is on career and technology education to prepare Baltimore's youth for the jobs of tomorrow. Also, the Baltimore City Community College is playing a leading role in career and technology education.

Customized job training, placement, and support services are now being offered through a wide variety of public and private agencies, including the Mayor's Office of Employment Development, the Baltimore City Private Industry Council, the Housing Authority of Baltimore

City, Empower Baltimore, the BioTechnical Institute of Maryland, Baltimore City Community College, Catalyst Associates, and the Historic East Baltimore Community Action Coalition's (HEBCAC) Bridges to Work program that connects and transports inner-city residents to suburban jobs.

Education and workforce development must continue improving and expanding for Baltimore's economy to grow stronger and faster. Baltimore's four key industry networks need qualified workers, managers, entrepreneurs, executives, professionals, skilled technical employees, and a wide variety of additional personnel to grow and thrive. The raw material that fuels the city's businesses and organizations is people, which is why improving and maintaining a top quality workforce is vital for Baltimore's future economic success.

Equally important is making sure that Baltimore residents obtain a large share of the jobs being created. For the city to remain healthy, it must have a population of working individuals and families with decent incomes. Effectively targeted job training and placement is an essential component of Baltimore's economic growth strategy. Various tools including first-source hiring agreements should be utilized to ensure that city residents gain full access to job opportunities.

The large number and high quality of higher educational institutions – colleges and universities – is one of Baltimore's major economic assets. One institution that is playing a key role in filling the gap between employers searching for trained workers and residents looking for career opportunities is the Baltimore City Community College. Nearly 30% of Baltimore residents who attend college enroll in BCCC, and the vast majority of graduates are productively working at jobs in the city. The total enrollment of 13,000 students includes more than 7,000 participating in customized job training programs for 430 employers, including AEGON USA, Atlas Container Corporation, Baltimore Medical Systems, Chesapeake Biological Laboratories, Johns Hopkins Hospital, MEDO Industries, Osiris Therapeutics, and Xerox Corporation. The College offers a wide range of courses, labs, career training options, and degree programs in growing fields such as biotechnology, computers and information technology, and telecommunications, including a new Life Sciences Building and Institute, job training for Empowerment Zone employers and residents, and a "Tech Prep" program for Baltimore City public high school students.

In addition to the highly successful Tech Prep program operated jointly by BCCC and the public high schools, the Baltimore City Public School System' Career and Technology Education Program offers many other work-oriented curricula, most notably Career Connections. Working closely with city and metropolitan employers, Career Connections enables students to choose a "major" by concentrating their education on school-to-career training, either directly for a post-high school job, or for college. These areas of concentration are currently offered for nine separate occupational and business fields: 1) Consumer Service, Hospitality and Tourism; 2) Business Management and Finance; 3) Manufacturing, Engineering and Technology; 4) Protective Services and Law Related; 5) Health and Biosciences; 6) Arts, Media and Communication; 7) Transportation Technologies; 8) Human Resource Services; and 9) Construction Technology.

Most of the students completing these programs have found gainful employment in their chosen career. Some of them gained a head start by working part-time at real jobs while still attending high school through the cooperative work-based learning program. The employers who hired these students rated nearly 98% as either well-prepared or exceptionally well-prepared. More than nine out of ten of these employers said, based on their positive experiences, that they would hire additional career and technology education high school students and recommend that other employers do likewise.

Action Thirty-Two: Increase support for customized career education and training designed to fill and grow jobs in Baltimore's key industry networks. Both the public and private sectors at the local and state level should invest heavily in higher educational institutions, high schools, and proprietary training programs that will expand the skills and availability of workers and entrepreneurs to promote job creation and income growth.

Many job opportunities offered by city and metropolitan employers, as well as the job needs of numerous Baltimore residents, require entry-level job-readiness skills. The city's welfare population and its public housing residents are particularly strong candidates for focusing on these most fundamental of employment tools. People who have been out of the workforce for some time often need special assistance, ranging from basic literacy to appropriate clothing, from child care to transportation, from computer knowledge to technical expertise, from punctuality to social skills in dealing with co-workers, customers and bosses. During the past four years over 50,000 adults and children have left the welfare rolls, and many of the adults have found jobs. Some of these former welfare recipients obtained job readiness training, support services, and direct placement through the Baltimore City Family Investment Program's many non-profit providers working in partnership with the Department of Social Services and the Office of Employment Development, including America Works, the Baltimore Urban League, Morgan State University, and a variety of additional entities, such as church groups, community organizations, and other institutions.

One of the most active agencies promoting job training and placement for welfare recipients and other unemployed residents is the Housing Authority of Baltimore City (HABC). HABC's HUD-funded STEP-UP programs – for building trades union apprenticeships, for construction contractors and subcontractors, for building inspectors, and for young people through the FRESH START initiative – won a national award for its success in enabling public housing residents to learn on-the-job as communities are modernized and rebuilt, and then gain permanent employment in a new career paying an average of $10 an hour.

In addition, HABC offers other welfare-to-work training and placement opportunities combined with support services, such as Family Self Sufficiency (FSS); People Accessing Continued Employment (PACE) at eight public housing developments throughout the city including Pleasant View Gardens, Douglass Homes, and Cherry Hill Homes; Jobs-Plus – a nationally funded HUD demonstration program at Gilmor Homes in Sandtown-Winchester; and the Campus of Learners/electronic village at Poe Homes and at the Townes at the Terraces, funded with $1.7 million through another nationwide HUD initiative. The electronic village in West Baltimore includes the new townhouse community that replaced the demolished Lexington Terrace high-rise apartment buildings, and it is highly innovative by providing a free computer in the home of every public housing resident at Poe and the Terraces, along with computer training classes and labs at both sites. These and similar activities are successfully moving many former welfare recipients into full-time jobs with living wages, providing dignity and hope for both adults and youth. Additional resources are needed in Baltimore to build on these recent accomplishments and reach many more people in need.

> **Action Thirty-Three: Expand welfare-to-work initiatives and related job readiness training and placement programs for AFDC recipients, public housing residents, and other low-income people.** Build on the successful models – STEP-UP, Campus of Learners, Family Investment Program – to ensure that every Baltimorean has a decent job with career opportunities to help support a family.

Another method of enabling qualified Baltimore residents to gain full access to job opportunities within the city is through the use of "first-source hiring agreements" with employers, in exchange for providing them with economic development incentives and subsidies. For example, Baltimore's Empowerment Zone offers over $7 million in five different loan funds – 65/35, Small Business, Brownfields, Equity Investments, and Microloans – to retain and attract jobs in the Zone. Every business or organization that obtains funding from one or more of these loan programs must sign a first-source hiring agreement requiring them to develop a plan for hiring Empowerment Zone residents. The six Village Centers in the Empowerment Zone – Washington Village/Pigtown, Poppleton, SMCP, Harlem Park/Lafayette Square, and East Harbor – each have Career Centers that provide resident intake, screening, assessment and referrals for job training and placement. They are one of the key building blocks of the delivery system: suppliers of the people who are ready, willing, and able to work for the first-source employers.

> **Action Thirty-Four: Make greater use of first-source hiring agreements and other negotiated job placement arrangements to ensure that Baltimore residents have full access to jobs within the city.** Extend first-source hiring agreements to cover all forms of public sector assistance to private for-profit firms and non-profit organizations citywide, not just in the Empowerment and Enterprise Zones. In addition, explore other voluntary, negotiated job placement partnerships between employers, providers, and job seekers, to maximize opportunities for the city's population to obtain gainful employment.

Baltimore City is an integral part and dynamic leader of the metropolitan economy. Many suburbanites work at jobs in downtown Baltimore, the Port, and various city neighborhoods. At the same time, numerous Baltimore residents work in the surrounding counties. Promoting economic prosperity for Baltimore means increasing the number of good jobs in the city and making sure that city residents are provided with equal opportunity to work in those jobs. However, a comprehensive economic growth strategy must also facilitate and enable Baltimore residents to obtain good jobs throughout the metropolitan region. It is in the suburban areas – especially near BWI Airport, and in Howard County – that much of the job growth is occurring, and in some cases these jobs cannot be filled by the local population. Baltimoreans can help solve this job market imbalance, providing much needed labor productivity for suburban employers, while bringing more income back to the city's neighborhoods to improve local purchasing power and quality of family and community life.

One of the best models for correcting this city-suburban job growth mismatch is the HUD-funded Bridges to Work program, a demonstration project administered in Baltimore by the Historic East Baltimore Community Action Coalition (HEBCAC), one of only five groups nationwide designated to coordinate this important economic experiment. Baltimore's Bridges to Work program is financed with $1.7 million from HUD, $500,000 from the Empower Baltimore Management Corporation, and $300,000 from the U.S. Department of Transportation's Access to Jobs program. HEBCAC spends about 60% of the money transporting over 300 residents of East Baltimore inner-city neighborhoods in vans every work day to jobs in Anne Arundel, Howard, and Baltimore Counties. More than one-quarter of their remaining budget is devoted to providing program participants with in-house job readiness training, using a "boot camp" model developed by a national non-profit training and job placement organization called STRIVE.

Bridges to Work has been operating in Baltimore for two years, and in that time over 700 people have completed the training. Of these, 325 of them are currently working in the suburbs, mostly with the help of transportation and child care supplied through HEBCAC. Major employers include UPS, Host Marriott, Lorien Health Systems, Carvel Ice Cream, and several more. The Bridges to Work graduates are earning an average starting wage of $9.68 per hour, plus benefits, in industries such as hospitality, medical services, warehousing and distribution, and manufacturing. HEBCAC has also referred several thousand applicants to other service providers for GED training, housing placements, substance abuse counseling and treatment, child care, health care, and additional supportive services. Bridges to Work is both a success story and a vital necessity for Baltimore to ensure that city residents gain access to all of the job growth taking place throughout the entire region currently and for many years to come. Recently Howard County obtained a $650,000 federal grant to help pay the cost of shuttle transportation service, job fairs, community outreach, employment training and placement all focused on West Baltimore. This community-based initiative, modeled on Bridges to Work, will enable 160 low-income residents of West Baltimore to obtain and commute daily to suburban jobs in warehousing, retail trade, hotels, restaurants, and other career occupations.

Action Thirty-Five: Improve transportation and job placement connections for Baltimore residents to obtain good jobs in suburban counties, using models such as the Bridges to Work program in the East Baltimore Empowerment Zone.

Metropolitan strategies to expand job opportunities for Baltimore residents are essential to increase economic prosperity and quality of life for the city’s families and communities, especially in low-income neighborhoods.

A critical piece of the city's economic growth strategy is to offer financial incentives encouraging employers to hire larger numbers of qualified city residents who are willing and available to work. Both the federal Empowerment Zone and the state Enterprise Zones include tax credits for job creation and local hiring as part of their overall incentives for business attraction and retention. However, there should be such incentives provided for employers throughout the city, and even for suburban employers that hire the city's residents who continue to be Baltimore residents over the life of the subsidy. The State of Maryland's newest tax credit for business expansion, new investment, and job creation, One Maryland Economic Development Tax Credits (H.B.4), will provide such incentives encouraging Baltimore-based businesses increasing jobs and improving their facilities to hire city residents.

Action Thirty-Six: Strengthen and aggressively market various employer-oriented incentives for creating additional jobs and hiring Baltimore residents. Incentives for job training are also helpful in ensuring that job creation and local hiring strategies will succeed. All levels of government must work closely together with private businesses, non-profit organizations, and community groups to generate the partnerships and momentum for getting Baltimore's residents into growing jobs within the city and throughout the metropolitan region.

ATTRACTING AND RETAINING RESIDENTS

Baltimore's greatest strengths are its people and neighborhoods. For decades the city has been steadily losing population, just like most older American cities. This trend must be reversed if Baltimore is to thrive in the 21st century. Since much of the loss has been of middle and higher income residents, it is vital that working people and families, both young and old, be attracted to move into the city. New immigrants are urgently needed – from the surrounding suburbs, from across the nation, and from all over the world – to repopulate Baltimore's neighborhoods and increase homeownership in everything from newly constructed homes to renovated properties. The Mayor's Market Rate Housing Council and the Live Baltimore Marketing Center are just two of the many current initiatives addressing these crucial goals.

But Baltimore cannot attract very many new people if it cannot keep the residents it already has. That is why residential attraction and retention efforts are such a high priority for the city's government, business, civic, and community leaders, and must go hand in hand. Baltimore's economic growth strategy will generate economic prosperity by improving the quality of life in the city and its neighborhoods, and this will in turn stabilize and grow the residential base that stimulates economic investment in future years.

The mission of retaining and attracting residents is so fundamental to the future health and vitality of Baltimore that the public and private sectors are now working more closely together than ever before to stabilize and grow the city's population and neighborhoods. Recent research conducted for the Live Baltimore Marketing Center and the Mayor's Market Rate

Housing Council, based on telephone surveys of 1,200 city and suburban renters and homeowners found four key assets spurring people's desire to live in Baltimore: 1) convenient access and close proximity to jobs in the city, by walking, driving, or traveling on public transit; 2) good housing values compared to the suburbs – Baltimore offers better homes at lower cost, an average home sales price one-third to one-half lower than in the surrounding counties; 3) availability of cultural and recreational amenities and good quality medical services – the study found that 95% of the suburbanites surveyed regularly visited the city's restaurants and bars, theaters, museums, concerts, sporting events, and retail stores – an average of more than once a week; 4) greater sense of community with family and friends nearby. These are Baltimore City's greatest strengths from the residential perspective.

The study also identified five key areas requiring improvement for people to move in or stay in Baltimore: 1) public safety; 2) public schools; 3) public services; 4) cleanliness and attractiveness of streets and public spaces; 5) high property taxes. Of these issues, the surveys showed that city residents had a much more positive view than suburbanites, a clear indication that the reality may be better than the media image. Nevertheless, these issues must be addressed for Baltimore to retain and attract residents. The city must build on and market its existing strengths, along with improving its current weaknesses.

Given the public school problem, the study found that the best market segments for city living are among young singles and couples without children, especially both city and suburban renters who already work in Baltimore, and among older "empty nesters" whose children are grown-up and live in households separate from their parents. Another key market segment attracted to the city is among people relocating to the Baltimore area from other parts of the nation or the world. One of the biggest magnets drawing people to live in Baltimore is the fact that they work in the city, which is why maintaining and expanding the employment base in Baltimore is so vitally important to retain and expand the city's population. Friends, family, and co-workers all play a role in influencing residential decisions, and the study found that particularly family members and workplace colleagues too often spread negative attitudes about Baltimore. This means that for a residential marketing campaign to be truly effective, it must focus on retention as well as attraction, and it should be targeted not only at prospective homebuyers, but at everyone who lives and works in the city and metropolitan region.

The Live Baltimore Marketing Center, a cooperative venture of the Baltimore City government, the Citizens Planning and Housing Association, Fannie Mae, HUD, and other organizations, currently sponsors neighborhood and citywide homeownership fairs. Recently over 4,000 people attended the Homeownership Fair on September 25th at the Baltimore Convention Center. In addition, the Live Baltimore Marketing Center hosts an internet web site that promotes both homeownership in Baltimore and the attractiveness of the city's neighborhoods, conducts marketing and public relations campaigns through the media, and engages in additional educational and promotional activities.

The Homeownership Institute, a division of the Baltimore City government's Department of Housing and Community Development, is working with private lenders and foundations, state and federal agencies, and community groups to offer a wide range of financial incentives, technical assistance, and homeownership education and counseling to encourage more city and suburban renters to buy new and existing single-family houses, rowhouses, and condominiums in Baltimore. The list of these incentives, from the Live Near Your Work program to the Settlement Expense Loan Program (SELP) is both extensive and very attractive to eligible households. It includes the Housing Venture Fund which provides grants for homebuyers in the Empowerment Zone, the Vacant House Loan Program run by the Baltimore Community Development Finance Corporation, below-market interest rate mortgage revenue bonds, low downpayment financing, special incentives promoting neighborhood homeownership supported by the Patterson Park Community Development Corporation and the Abell Foundation for the Patterson Park neighborhood and by the State of Maryland for the Waverly community, and property and income tax credits from the city, state, and federal government for renovating and preserving historic homes. In addition, the Bank of America (formerly NationsBank) is offering below-market interest rate mortgages – currently 7.5% with no down payment, application fees or closing costs – to low- and moderate-income homebuyers. This attractive financing is part of a $3 billion Community Reinvestment Act commitment by Bank of America administered by the Neighborhood Assistance Corporation of America in 15 cities, including Baltimore. The extensive survey research performed for the Live Baltimore Marketing Center found that financial incentives, including tax credits, lower settlement fees, and low interest financing, can influence large numbers of city and suburban renters to buy a home in Baltimore.

The Mayor's Market Rate Housing Council focused attention on attracting and retaining residents for two years before completing its report in March, 1999. The Council recommended a series of 40 key actions, grouped together in the following categories: Support Existing Market Rate Neighborhoods, Invest in Neighborhoods, Increase Construction Activity, Streamline the Regulatory Process, Make Financing and Incentive Programs More Responsive, Promote Market Rate Opportunities, and Establish and Monitor Performance Goals. Many of these actions are currently being implemented vigorously by the city government, lenders, realtors, foundations, non-profit and community-based groups, and others. They complement the work of Baltimore's public, private, and community leadership in encouraging homeownership and residential improvement among low- and moderate-income families and neighborhoods, using programs such as the Empowerment Zone, HUD's Community Development Block Grant (CDBG) and HOME funds for affordable housing, rebuilding of public housing through Hope VI, renovating existing homes, demolishing vacant and blighted properties, and other initiatives.

The Live Near Your Work program is particularly important, given that where people currently work is a major factor in determining where they choose to live. This program is a public-private partnership that provides financial incentives and other encouragement to Baltimore workers to buy and live in homes in the neighborhoods adjacent to their workplace. Many Baltimore employers participate, including all of the major hospitals and universities: Johns Hopkins, University of Maryland, Morgan State, University of Baltimore, Union Memorial Hospital, Mercy Medical Center, and several more. These employers cover many of the city's neighborhoods, which helps promote homeownership citywide, not just in a few communities.

All of these incentives, education, and marketing programs, combined with an improving economy and an exciting city, are having a positive impact. The city's homeownership rate has reached 54.7%, up from 48.6% in 1990. This increase puts Baltimore above the U.S. average for major cities, and ranks as one of the most substantial improvements nationwide during the 1990s. Home sales grew by 42% in Baltimore during 1998, among the fastest growth rates nationwide. This rapid growth has continued its momentum with a nearly 30% rise in July 1999 compared to a year earlier, the second highest rate of increase in home sales throughout the entire metropolitan region. Baltimore needs to build on this momentum to stabilize and add residential population to the city's downtown and neighborhoods, and further increase the number of homeowners all across the city.

Action Thirty-Seven: Vigorously promote homeownership in Baltimore, through financial incentives, technical assistance, capacity building, education and counseling, new construction and renovation, aggressive marketing, employer-based support, public-private partnerships, and other means, targeted both to current renters and homeowners, and focused on existing Baltimore residents and workers as well as potential migrants to the city from the suburbs, other U.S. regions, and foreign countries. The city should create a Baltimore Partners in Homeownership, affiliated with President Clinton's National Partners in Homeownership, to bring together all of the business, civic, community, and government leaders to focus on maximizing homeownership in every neighborhood, with employer-based incentives and other effective means of: 1) reducing the costs of production, preservation, and financing, 2) opening markets by removing discriminatory and regulatory barriers, and 3) raising awareness through education, counseling, and marketing. Over 150 of these nationally designated partnerships have worked very effectively in cities, counties, and states throughout the nation during the past four years to raise homeownership to an all-time high in America, with over six million new homeowners. A Baltimore homeownership partnership can be very effective in advancing the goals of the city's economic growth strategy.

Many other necessary improvements are covered in other sections of this Baltimore Economic Growth Strategy report, such as further reducing the property tax rate while increasing investment in city services and infrastructure. Also, PlanBaltimore recommends a wide range of major actions that will enhance the physical amenities and quality of family life in the city's neighborhoods, and the recent Neighborhood Congress added its voice in calling for a number of urgent measures designed to strengthen communities.

Out of a broad and wide range of needs and wants to choose from, several key actions are included in this section, because they are vitally necessary for Baltimore to retain and attract residents:

Action Thirty-Eight: Increase support for neighborhood arts, culture, recreation, festivals, and heritage tourism. People want to live in communities that are fun, interesting, lively, and stimulating. Visitors – family, friends, and tourists – want to spend time in communities for the same reasons. Where visitors spend time they also spend money, so neighborhoods with vitality and local attractions generate jobs and incomes for merchants and residents, along with community pride. The city and state governments, private businesses, foundations, and a variety of other institutions should invest more resources in neighborhood arts, culture, recreation, festivals, and heritage tourism. This is a wise investment that will yield substantial returns in terms of more jobs, higher incomes, and population growth, along with enhanced community livability.

Action Thirty-Nine: Expand financial and technical assistance and capacity-building support for community-based organizations, including community development corporations, civic and citizens' associations, neighborhood advocacy groups, non-profit housing organizations, health care and human services providers, churches and synagogues and mosques, and many other grassroots institutions. The "social glue" that holds neighborhoods together are frequently the non-profit citizen organizations that engage in development, advocacy, services, consensus building, family support, clean-up, civic improvement, and other critical activities. Baltimore's neighborhoods are served by an impressive array of committed citizens. Recent research from the Institute for Policy Studies at Johns Hopkins University identified one of Baltimore's greatest strengths: 31 citywide organizations, 42 umbrella coalitions, and 818 community-based nonprofit groups are hard at work every day improving the city's 313 neighborhoods. Most of these voluntary groups have modest budgetary resources to serve the needs of community members. They require more funds, more training, and other kinds of assistance in order to increase their effectiveness and make Baltimore's neighborhoods more desirable places to live, work, and play. The city's public and private leaders should work together to expand financial and technical assistance to enable community-based nonprofit organizations to build greater capacity, serve their neighbors more efficiently, and strengthen the economy and quality of life in their local areas.

Action Forty: Accelerate reconstruction, renovation, or demolition and reuse of vacant and blighted buildings and abandoned properties. The citywide land-banking proposal in Action 23 would help empower the Baltimore City government to deal more rapidly and effectively with the problem of vacant and abandoned buildings and land in neighborhoods. Even a single blighted building or vacant lot on a block can cause great difficulty for local residents and merchants, homeowners and property owners, creating uncertainty, spawning crime, and discouraging maintenance and clean-up. Baltimore has over 40,000 abandoned buildings in residential neighborhoods. Some of these should be renovated and preserved for new uses when and where the funds are available and the market demand is present. Many others should be demolished and the grounds turned into mini-parks, community gardens, or sold to new owners for development of new affordable housing, storefronts, and other local-serving new facilities. It is vitally important to engage in prompt and consistent action that inspires confidence among the adjoining owners and occupants. This investment is essential for retaining and attracting residents in Baltimore's diverse communities.

Action Forty-One: Increase competition to improve the quality of Baltimore's public school system by expanding the number and size of public charter schools and by promoting widespread public school choice. Despite recent intensive public school management reform efforts involving millions of dollars from the city and state governments, Baltimore's school system still needs a major overhaul to provide every child with the full opportunity to receive a top quality education and preparation for a successful career. Genuine competition to promote full-scale choice for parents and children can help improve primary and secondary public schooling in Baltimore. Parents should not be forced to send their children to mediocre schools. These schools should compete to attract students, and either dramatically improve their performance, or lose their students, their faculty, and their accreditation. Every Baltimore residents should have the option to send their children to excellent public schools.

One way to accomplish this vital task is to increase the number and size of innovative public charter schools, run without bureaucracy but with significant parent and teacher involvement and leadership. These charter schools can provide real alternatives that will properly educate students and develop models for other schools to emulate. In addition, full-scale public school choice should be established, empowering parents to send their children to any public school citywide that offers a quality product. Every school would either become a first-rate magnet like City College High School, producing well-prepared graduates, or would cease to exist due to lack of parent and student demand. Also, school to career programs should be emphasized and strengthened to enable Baltimore's young people to move directly into good jobs in growing fields, whether or not they attend college. As these positive changes evolve, Baltimore City will be able for the first time in decades to compete more effectively for families with school-age children to stay or move into the city's neighborhoods as homeowners or renters.

Action Forty-Two: Fully utilize all public schools as community centers and neighborhood resources by keeping the facilities open for public programs after school, on nights and weekends, during holidays and summer months. Public schools, like churches and synagogues, settlement houses and community service centers, and other public and private institutions, are a vital resource for stabilizing and enhancing the quality of life in Baltimore's neighborhoods. They should be fully utilized at all times as a focal point for community education, recreation, culture, citizen participation, neighborhood association meetings, intergenerational and interracial activities, and many other functions that will help improve livability and vitality throughout the city.

Action Forty-Three: Strengthen both community policing and stricter law enforcement to enhance public safety and security in Baltimore's neighborhoods and make the city more attractive for people to live, work, and play. Baltimore's crime rate declined by 11.4% in 1997 and dropped again in 1998 by another 6.4%. The community policing activities instituted by the Baltimore City Police Department during the past few years have produced good results. More police are on the streets, working closely with neighborhood businesses, organizations, and residents to prevent crime before it happens and stop it more swiftly when it occurs. While the situation is certainly getting better overall, there is still too much crime, violence, and drug-related activity in many areas of the city. What is urgently needed is a much greater investment in both community policing and stricter and swifter law enforcement, with improvements in personnel, equipment, and streamlined processes, along with volunteer neighborhood citizen patrols, private security guards and cameras, regular surveillance and enforcement to drive away open air drug markets, and street-level ambassadors to promote cleanliness and safety in business improvement districts and community benefits districts.

Action Forty-Four: Reinforce neighborhood clean-up and sanitation efforts, trash pick-up, street and sidewalk cleaning and improvements, public facilities repair and maintenance; while enhancing the appearance of vacant lots and public spaces, and promoting the recycling of a wide variety of waste products. Cleanliness, safety, health, and well-being all go together in promoting neighborhood quality of life. Keeping Baltimore's communities clean and attractive, with all public spaces, facilities, and services in good working order, is absolutely essential for retaining and attracting residents and businesses to generate job and income growth. Citizen participation and community involvement in regular clean-up activities – removing litter and graffiti, sweeping sidewalks, recycling solid waste, planting community gardens, educating and mobilizing family, friends, neighbors, and co-workers – is essential to the success of this ambitious agenda.

III. Strategic Areas

STRENGTHENING STRATEGIC GROWTH AREAS IN NEIGHBORHOODS AND DOWNTOWN

Baltimore has a half century tradition of ambitious and successful urban redevelopment, particularly in and around the Inner Harbor. Now is the time to raise the stakes on developing strategic areas across the city, to attract and retain both jobs and residents. These include the expansion of the downtown to the east, west, and south; the federal Empowerment Zone and Homeownership Zone; the state Enterprise Zones; the Port of Baltimore and industrial land surrounding it; the rebuilding of public housing communities through HUD's HOPE VI program; development of industrial and business parks by BDC; and a vast array of neighborhood improvement initiatives, from Sandtown-Winchester to Historic East Baltimore to Patterson Park to Waverly.

PlanBaltimore, with its extensive citizen participation process, Empower Baltimore, with its village centers, the Downtown Partnership of Baltimore, and many other task forces and local initiatives provide models for community planning and recommendations for collaborative action through public-private partnerships. The city's economic growth strategy must focus on promoting key investments and incentives to spur both new development and renovation that will stabilize Baltimore's communities, strengthen business activities and expand job opportunities for the city's residents.

A. Neighborhoods

Baltimore, as the new draft comprehensive plan states, is "A Global City Neighborhoods." The city's economic growth strategy is designed to capitalize on the great assets of Baltimore's 313 neighborhoods, to stimulate economic activity in these communities through the creation and expansion of businesses and jobs, and to increase incomes, residential population, and quality of life. One of the most important economic strategies is promoting neighborhood commercial development. Most neighborhoods are defined by their major streets with stores and services that provide a livelihood for merchants and workers in the city, and convenience and enjoyment for people who live in or visit the community. It is essential that the public and private sectors work together to enhance the appearance, safety, affordability, and market appeal of neighborhood commercial streets, districts, and shopping centers.

The Baltimore City government has been in the business of promoting neighborhood commercial activity for over two centuries, when it first began owning and managing public markets for merchants and shopkeepers to peddle their wares to local residents. These public markets began in 1765, and the Broadway Market, still thriving, first opened its doors in 1786. Today Baltimore has the oldest continuously operating public market system in America. The five neighborhood public markets – The Avenue, Hollins, Northeast, Broadway and Cross Street – plus Lexington Market downtown, are precious resources to be carefully nurtured as magnets for local entrepreneurship.

Action Forty-Five: Invest in improving the appearance, management, and outreach of the city's public markets as a focal point for neighborhood commercial vitality.

Another key step in promoting neighborhood commercial centers is to establish or expand neighborhood business improvement districts and community benefits districts. These districts are voluntary organizations that permit property owners and business proprietors to tax themselves modestly and invest the proceeds into making the area cleaner, safer, and more attractive. These districts can engage in the same types of activities as the Downtown Partnership of Baltimore: ranging from joint marketing and promotional campaigns and special events, to assisting with facade improvements to storefronts or sidewalks, to placing roving ambassadors on the streets to maintain their cleanliness, security, and welcoming attitude to shoppers and visitors. Baltimore already has two neighborhood-based community benefits districts: Midtown and Charles Village. With some degree of public sector and philanthropic financial support, such districts could be spawning commercial success in every neighborhood. Even in low-income areas, there is a great deal of purchasing power. Everyone buys food, clothing, and a wide variety other basic goods and services, enough to support local merchants if they are well-organized to attract sufficient community shoppers. Local commercial investment is critical to the economic and social health of Baltimore's neighborhoods.

Action Forty-Six: Promote neighborhood commercial activity through business improvement districts and community benefits districts to raise funds for joint marketing, enhancing cleanliness, providing security, making physical

improvements, increasing managerial assistance, packaging financial incentives, and other promotional efforts.

Baltimore has for many years been an effective pioneer in neighborhood revitalization activities, often serving as a national model for how to do things well. Recently both the Empowerment Zone and the HOPE VI initiatives have demonstrated that same high level of vision,, leadership, and pragmatic action. Several HUD-funded studies have concluded that Baltimore's federally designated Empowerment Zone is one of the most successful in the United States. To date, the Zone has leveraged more than $50 million in private investment by Zone businesses creating nearly 3,000 new jobs. Over 2,300 Zone residents have been successfully placed in full-time jobs, and almost 300 Zone residents have been assisted in becoming first-time homeowners.

Baltimore was the first city in America to create a full-scale strategy for rebuilding public housing developments with the aid of HUD's HOPE VI competitive grant funds. The strategy was to eliminate all of the deteriorated high-rise family buildings in the city, and replace them with attractive communities of low-rise, mixed-income, homeownership and rental townhomes. Thus far, the Housing Authority of Baltimore City succeeded in obtaining nearly $200 million in HOPE VI funds. Lafayette Courts, Lexington Terrace, and Murphy Homes are now completely demolished, and Flag House Courts will be coming down next summer. Lafayette Courts has already been replaced by the award-winning Pleasant View Gardens on the east side, and Lexington Terrace was recently supplanted by the attractive Townes at the Terraces on the west side. These new mixed-income, mixed-use communities are reconnecting public housing residents with the larger fabric of urban life, exchanging the stigma of “projects” for the dignity of a real home in an appealing Baltimore neighborhood with a wider range of education and job training opportunities, homeownership assistance, and nearby stores and services. They improve the quality of life for Baltimore’s people and communities, create new development opportunities in the areas surrounding the old high-rise public housing sites, and enable low-income families to own or rent new, good quality homes conveniently located near downtown, accessible to jobs, stores, services, and transportation.

Other public housing developments have already received or are planned for rebuilding and reinvestment, either with HOPE VI funds or other federal, state, and city resources. Baltimore City should continue to transform isolated and deteriorated public housing into new mixed-income communities with jobs and homeownership opportunities, while at the same time ensuring that low-income families have access to good quality, affordable housing in a variety of different neighborhoods.

Action Forty-Seven: Public housing developments should be rebuilt into mixed-income, low-rise communities that connect to their surrounding neighborhoods, and promote jobs, entrepreneurship, education, and homeownership. Renovation of affordable rental housing should be a key priority in every neighborhood, ensuring that low- and moderate-income families have economic opportunity and housing quality.

The strength of Baltimore's neighborhoods are first and foremost in the ethnic and cultural diversity of its people, the rich traditions of family and community life, and the historic charm and character of the housing, commercial buildings, religious institutions, schools, parks, and other physical attributes. These assets serve as a major attraction to bring people and jobs into neighborhoods and keep them there as residents, shoppers, and workers. It is essential that city government policies and programs support historic preservation of the physical fabric of these communities, as well as celebration of the historic character through festivals, museum exhibits, and other cultural, educational, and recreational activities. These actions not only draw residential and commercial investment by maintaining and enhancing the quality of life for residents and visitors, but just as importantly, they also create business and job opportunities for Baltimoreans.

Action Forty-Eight: Emphasize Baltimore's neighborhood traditions and ethnic and cultural diversity by preserving historic buildings, planning and constructing new developments that complement traditional neighborhood design and amenities, and supporting cultural, educational, and recreational activities and facilities that celebrate the city's neighborhood character and charm.

Several of the city's oldest neighborhoods are ripe for an economic renaissance. Fells Point and Canton are fast becoming magnets for technological innovation, as described above in the discussion of Baltimore's key industry networks. The new Emerging Technology Center in The Can Company, and a number of small, fast-growing firms in the Empowerment Zone and

Enterprise Zone – computer software, internet communications, website design, biomedical research and product development – demonstrate the economic potential of these neighborhoods.

Young, ambitious entrepreneurs and professionals are drawn to neighborhoods such as Fells Point and Canton by the historic and industrial character of the building stock and urban streetscape, the availability of low-cost commercial space, proximity to the waterfront, transportation accessibility, and the proximity of cultural and entertainment attractions. Baltimore should provide economic incentives to stimulate further growth of technology businesses and jobs in these neighborhoods.

Action Forty-Nine: Provide targeted incentives to expand technology business opportunities in neighborhoods such as Fells Point and Canton.

Another opportunity area is the corridor between Fayette Street on the north, Lombard Street on the south, President Street on the west, and Broadway on the east. Situated in the Empowerment Zone with its special business and homeownership incentives, anchored by Johns Hopkins and Church Home Hospitals, Shot Tower Metro Station, Corned Beef Row, a range of museums, the U.S. Post Office, the new developments of Pleasant View Gardens and the upcoming redevelopment of Flag House Courts, this east side corridor adjacent to downtown has 15 acres of vacant and underutilized land ripe for commercial development. A coordinated strategy orchestrated by BDC through land acquisition, site development, and targeted marketing should turn the Fayette/Lombard Street corridor into a business district, including technology companies and arts institutions. This strategy builds upon the key industry networks that are driving job and business growth in Baltimore's economy, and the wave of development that is now moving east from downtown and the Inner Harbor. It is a major component of the broader east side planning and development efforts.

Action Fifty: Develop the Fayette/Lombard Street corridor on the east side as a business district, including technology companies and arts institutions, to create many new jobs.

B. Downtown

The redevelopment of downtown Baltimore during the past several decades – Charles Center, Inner Harbor, Camden Yards – has been a genuine success for the city's economy. Today downtown Baltimore is home to over 100,000 jobs, one out of every eight jobs in the metropolitan region. Forty percent of the region's hotel rooms and over one-third of the office space is in downtown Baltimore. Jobs in downtown Baltimore grew by nearly 3% during 1998, faster than the regional and national average. Nearly three out of four of these new jobs came from the expansion of existing downtown businesses and institutions, highlighting the dynamism of the city's current job base and the importance of retention efforts. Non-banking financial services jobs grew by over 16% in 1998, and hospitality jobs downtown increased by nearly 13%. Class A office occupancy reached 90%, the best in a decade, and their property values rose by more than 10%. Total new private and public investment in downtown approached $1.9 billion in 1998, a 40% increase from the previous year.

Downtown Baltimore attracted over 13 million visitors in 1998. More than 525,000 people attended over 500 conventions in Baltimore last year 1998, and the city had 5.2 million overnight visitors, an 11% increase. Hotel occupancy has increased by 11% since 1992, and is now well above the national average. Harborplace and The Gallery have increased retail employment by 15% since 1993, with 3,400 jobs today. A total of 38 merchants have either renovated or expanded their retail space in Harborplace and The Gallery, and they have recruited 35 new stores in the past half decade. Total retail occupancy rates in the Pratt Street/Inner Harbor corridor is now at 98%. Downtown Baltimore is the home of over 2,500 businesses, seven educational institutions with nearly 15,000 students, and close to 15,000 residents in communities ranging from University Center to Mount Vernon.

Even with these very positive trends, downtown faces both formidable challenges and exciting opportunities. Lack of sufficient parking is the major obstacle to business attraction, and is even a serious problem for business retention. Higher office building and storefront vacancy rates in the traditional central business district north of Lombard Street and other areas of downtown are a major concern. Both the perception and reality of public safety and cleanliness must be consistently improved. The need for much more downtown housing and "24-hour" retail and entertainment activity is an important goal that is high on the current agenda. Better coordination of transportation and transit is another substantial matter demanding immediate action. Expanding redevelopment and economic investment activity, particularly to the east, west, and north of downtown, is a top priority.

Fortunately, a great deal of excellent planning and implementation work is already underway, which is one reason the numbers are getting better and the spirit of optimism is on the rise. The Downtown Partnership of Baltimore has played a key role in advocating and making needed improvements, and the Baltimore Development Corporation and other public and private agencies have worked closely and effectively together to generate positive results and plan for a better future. Just in the past few years, the Downtown Partnership of Baltimore has produced both a parking plan, Gateway to Growth, and a Central Business District Strategic Plan. In addition, the Mayor's East Side Task Force and the Mayor's West Side Task Force both recently produced major plans for these areas immediately adjacent to downtown Baltimore, supplementing the Inner Harbor East expansion in the Empowerment Zone and the extensive citizen-driven analysis and recommendations in PlanBaltimore.

The West Side Master Plan, funded by the Harry and Jeanette Weinberg Foundation, focuses on expanding housing and retail opportunities, building on the anchors of the University of Maryland, the Baltimore Arena, the Hippodrome Theater, and Lexington Market, connecting them more directly to the central business district, the Inner Harbor, and Camden Yards. Similarly, The East Side Task Force Urban Design Study concentrates on reconnecting historic Jonestown across President Street and the Jones Falls back to downtown and the Inner Harbor, with a new Metro station at Shot Tower, a critical mass of museums – including the African American, Jewish, and City Life – the redevelopment of Flag House Courts from high-rise public housing to a mixed-income rowhouse community, new commercial development along

Fayette and Lombard Streets, and linking the area across Pratt Street to Little Italy and Fells Point.

Based on this flurry of both strategic planning and actual development activity, several major actions are needed, both to grow businesses and jobs in the downtown, particularly in the four key industry networks that are the dynamic engines of Baltimore's economy; and to retain and attract residents, improving the tax base, workforce, and quality of life that generates economic investment, job creation, and income growth. The most important of these actions are:

Action Fifty-One: Build and renovate more downtown housing. If downtown Baltimore is to continue thriving over the long term, it must become the hub of a "24-hour city." Real estate investors and financial analysts argue that the cities that have the highest commercial property values and the strongest economic prosperity are those with considerable housing and retail activity in the central area to complement daytime office uses. While Baltimore has several residential neighborhoods close to the downtown, it must create substantially more housing in the immediate core area, at least 4,000 rental and for-sale homes and apartments within the next few years. The central area – bounded by Martin Luther King Boulevard on the west, Lombard Street on the south, President Street and the Jones Falls Expressway on the east, and Centre Street on the north – already has over 2,600 condominiums, rental apartments, and residential lofts. Recent conversions of older department stores, office buildings, and warehouses to housing, including the old Hecht's Building, have been quite successful – prices and rents are rising, and occupancy is extremely strong by any standard. The downtown housing vacancy rate is currently 1.5%, lowest in the city. More than 1,300 new residential units are currently being planned or under construction, but thousands more are needed to achieve the critical mass that will make downtown a safe and lively 24-hour environment. Many of the older Class B and C office buildings with very high vacancy rates downtown should be converted to housing, as is being successfully done in lower Manhattan and many other cities.

Action Fifty-Two: Create 5,000 new parking spaces downtown in structured parking, not surface lots, and establish a remote parking lot at the PSINet Stadium with a free or inexpensive shuttle bus circulating frequently to and from downtown. Private sector executives consistently cite both the lack of available parking downtown, and its excessively high cost relative to suburban locations in the metropolitan region, as the main problem inhibiting downtown Baltimore's economic growth. Insufficient and expensive parking is a major factor preventing some firms from moving into downtown, and it also has become a barrier to expansion of existing downtown companies.

Based on extensive analysis and surveys of business leaders conducted by the Downtown Partnership, at least 5,000 more parking spaces are needed to meet the current demand and lower the market price to an economically competitive rate. However, vacant lots downtown should not be turned into or maintained as surface parking lots; this destroys the overall ambience of the urban fabric. Parking should be provided in structured multilevel facilities above or below street level. Where parking is a major bottom-line barrier to business retention or attraction, the BDC, working with other public and private entities, should search for ways to subsidize the costs of parking in exchange for job creation and other economic development benefits to the city.

In addition, parking lots for the PSINet Stadium should be used during weekdays for *low-cost* downtown parking, at a time when these lots will never be in use for Baltimore Ravens football game. A public-private partnership should fund a free or inexpensive shuttle that would circulate frequently and regularly between the remote parking lot and various stops around downtown, similar to the inexpensive long-term parking lots near BWI Airport.

One strategy for alleviating the current downtown parking space shortage is for more people to live downtown, within walking distance of their workplace. Another important strategy is improve mass transit options for city and suburban commuters, enabling them to get to work without relying on their individual automobile for basic transportation. A key initiative is to build the mag-lev (magnetic levitation high speed) train line between Camden Yards, Union Station in Washington, DC, and BWI Airport. This action is discussed in detail on pages 39-42. To expand transit availability, the Maryland State Department of Transportation is the lead agency, and state officials must work closely with Baltimore's government, business, civic, and community leadership to provide more efficient transportation services and significantly expand transit ridership in the city and region. This goal fits very well with the state's new Smart

Growth policy.

Action Fifty-Three: The State of Maryland should eliminate its 50% fare box requirement for public transit, allowing for greater flexibility in providing much needed transit service. In addition, the Department of Transportation should better coordinate the various modes of public transit in Baltimore, including Light Rail, Metro, MARC, and bus service. This would include a simplified transfer system good for all forms of transit, such as a Universal Fare Card, closely coordinated schedules, and better planned physical connections between the different transit stops. Finally, the state's Mass Transit Administration should market its services and facilities more aggressively to Baltimore residents, commuters, and visitors.

The State of Maryland currently requires all transit services to recover at least 50% of their operating costs through the fares charged to the public ridership. Such a requirement is far out of line with other public transit systems in America, where the average fare box recovery is 35%, and many are much lower. Mandating such a high fare box recovery, in the context of rising costs, leads to fare increases and cuts in service availability and quality, thus reducing ridership even further in a never-ending downward spiral. The right approach is to view mass transit as a key investment in the overall economic prosperity of the city, region, and state, creating jobs, income, and tax base through increased private activity and rising values. Automobile drivers pay only a tiny fraction of the total operating costs of the highways, streets, roads, and parking places they utilize every day; why should public transit riders, that are relieving traffic congestion and air pollution, be forced to pay so much higher a percentage of transit operating costs? The answer is that they should not, and that the state's own Smart Growth initiative supports this clear and unequivocal conclusion – the 50% fare box requirement should be immediately eliminated and replaced by a more reasonable standard comparable to mass transit in other states.

Action Fifty-Four: Create special incentives to promote specialty retail for downtown workers and visitors, as well as resident-oriented stores and services, in targeted areas in and around downtown. Retail activity is booming on Pratt Street and the Inner Harbor, but more is needed in the rest of downtown. This involves integrating retail expansion with housing expansion, to generate local "hip" amenities that add luster to an urban lifestyle. It may also necessitate both the business and government sectors providing specially targeted incentives to retain and attract the appropriate mix of stores and services -- from specialty shops to sushi bars to supermarkets – that will encourage the overall economic growth of downtown Baltimore.

Action Fifty-Five: Implement the West Side plan. This involves expanding the University of Maryland Medical System and Baltimore campus; renovating and reopening the Hippodrome Theater; building a new Baltimore Arena; upgrading Lexington Market; expanding housing and retail facilities; increasing cleanliness and safety; improving pedestrian and vehicular circulation; and creating more amenities and public spaces.

Action Fifty-Six: Implement the East Side Plan. This involves building new pedestrian bridges over President Street and the Jones Falls; demolishing the high-rises at Flag House Courts and building a new mixed-income; low-rise residential community that includes reconnecting to the existing street grid; investing in a "Museum Row"; redeveloping the commercial corridor along Fayette and Lombard Streets; preserving the historic character; creating more housing, retail, and other amenities.

Action Fifty-Seven: Implement the Central Business District Strategic Plan. This involves developing a "Pratt Street/Inner Harbor ambience" to increase the amount of prestigious Class A office space and high-end specialty retail stores and services north of Lombard Street; improving the network of attractive and well-used public open spaces; upgrading Charles Center; increasing housing, parking, and retail; and upgrading and expanding educational facilities, including a new Johns Hopkins University Downtown Center.

Action Fifty-Eight: Build more new Class A office space around the Inner Harbor, with views of the waterfront, and modernize and renovate Class B buildings into Class A downtown office and mixed-use space. The strongest element of market demand in downtown Baltimore is for Class A office space in the Pratt Street/Inner Harbor corridor, with waterfront views. Public and private sector organizations must work together to identify and create more developable sites for new buildings with structured parking to meet this demand, especially to attract large new corporate office tenants to downtown from outside the city. Creative strategies should be considered, including moving public agencies out of the World Trade Center to open up space for attracting a major private company to Baltimore. Also, older Class B buildings with major vacancies should either be converted to housing where appropriate, or be modernized and upgraded to Class A office space and mixed-use amenities if market demand warrants such an investment. Public financial assistance may be needed to support this renovation activity.

C. Business and Industrial Parks

When Guilford Pharmaceuticals created several innovative medical treatments based on neurological research at the Johns Hopkins Hospital, it looked around Baltimore to find a suitable location to develop its products and grow the company. The biomedical firm recently opened a major new building for its 160 employees in the Holabird Business Park in east Baltimore. Holabird is one of the city's industrial and business parks built and managed by the Baltimore Development Corporation as a vital contributor to the success of the economic growth strategy. Land and buildings that are relatively inexpensive and competitively priced for sale or lease, that are well-located for transporting people and goods on streets, highways, and rail lines, that have room for businesses to grow, that have parking spaces for cars and loading docks for trucks, these are vitally needed if Baltimore is to retain and expand jobs. Therefore, BDC has developed a number of industrial and business parks at sites all across the city, and is planning to develop several more to meet the growing demand for everything from small incubator spaces to large industrial plants, warehouses, low-rise offices, and research institutes.

Currently BDC operates Holabird Business Park, home to 45 companies employing over 2,500 people. The Holabird Business Park was developed on most of the land from the former 220-acre Ft. Holabird Army Base. Now the Baltimore City government is requesting that the U.S. Army sell the remaining 14 acres to the city in order to expand the Business Park, which could accommodate an additional 133,000 square feet of industrial or commercial space and hundreds of jobs. Based on the success of Holabird and the rising demand, BDC is planning to develop a new East Baltimore Industrial Park in the vicinity with up to 1.5 million square feet of space manufacturing, warehousing, distribution, and commercial facilities.

The BDC also operates the 153-acre Seton Business Park in west Baltimore, that serves as home to over 1,700 jobs in organizations like the American Red Cross and the NAACP, as well as companies such as Polk Audio, TCI Communications, and EBA Engineering. Another major center in the Empowerment Zone just west of Camden Yard is BDC's Caroll-Camden Industrial Park, with over 100 companies ranging from Chesapeake Biological Laboratories to Fandango Productions. Also in the Empowerment Zone is BDC's Fairfield Ecological Business Park in south Baltimore, planned for innovative environmental technologies, and currently home to over 50 commercial and industrial business tenants, from Clean America to Chevron Products. BDC also is a partner in developing the Johns Hopkins University Bayview Campus, home of the National Human Genome Research Institute and two other major research centers of the National Institutes of Health, the Maryland Bioprocessing Center, and the Alpha Center, a business incubator. BDC is working with private partners to develop and maintain industrial and business parks at Port Covington, East Canton, the former Eastern High School site, the former Allied Signal site, the former Acme Warehouse, and the former Exxon site to be renamed Chesapeake Business Center. Finally, BDC operates three other business incubators: the Greater Baltimore Technology Development Center on Key Highway in south Baltimore, the Emerging Technology Center at The Can Company in Canton, and the Bard Life Sciences Center at the Harbor Campus of Baltimore City Community College.

Much of the industrial park property is tied to the massive and highly competitive Port of Baltimore, with its sprawling acreage, state-of-the-art transportation and communications technology, deep-water shipping channels, excellent freight rail connections with CSX and Norfolk Southern, and first-rate trucking access on Interstate 95 and other major federal and state highways reaching the entire northeastern, southeastern, and midwestern United States. The existing Foreign Trade Zone and its potential expansion makes the Port of Baltimore an even more desirable shipping center for international business.

Action Fifty-Nine: Improve and expand the availability of cost-effective commercial and industrial land and facilities to retain and attract jobs in Baltimore. Create at least one new industrial or business park every five years, using eminent domain authority if necessary to assemble the land parcels. BDC should obtain from the U.S. Army the remaining 14 acres to expand Holabird Business Park, and begin developing a new East Baltimore Industrial Park in the vicinity.

One of BDC's major new initiatives is the proposed Chesapeake Business Center on former Exxon oil tank storage property in Canton. The land at the site is a "brownfield" – contaminated with hazardous industrial waste -- and must be environmentally cleaned up and restored before it can be developed for new uses. BDC and the Maryland Economic Development Corporation (MEDCO) have jointly applied for a $1 million Brownfields Economic Development Initiative (BEDI) grant from HUD along with a $5 million Section 108 loan that will leverage an additional $66 million in other public and private investment to develop a 1.3 million square foot business park and create 1,500 new jobs in Baltimore.

The examples of the Chesapeake Business Center, the Fairfield Ecological Business Park, and other key industrial/commercial redevelopment sites points to the fundamental importance of cleaning up and remediating contaminated brownfields land so that it can be productively reused for job creation and business investment. Baltimore' s Brownfields Initiative is tackling this challenge at multiple sites through the Maryland Voluntary Cleanup Program and other efforts. All together, BDC, the Baltimore City Department of Planning, and other agencies are working in public-private partnerships to clean-up and redevelop 16 brownfields sites around the city. A major success story was the restoration and redevelopment of the former American Can factory in Canton into the new mixed-use office and retail center called The Can Company, which includes BDC's Emerging Technology Center business incubator funded by the U.S. Department of Commerce's Economic Development Administration. The entire $22 million Can Company redevelopment has already created over 500 jobs. Another major success story is Guilford

Pharmaceuticals, which built its new headquarters with 160 jobs in the Holabird Business Park on a fully restored former U.S. Army brownfield site.

Baltimore has been designated as a Brownfields Showcase Community by the federal government and awarded a $1.5 million grant for clean-up and redevelopment activities. The city government is working with community groups as well as businesses, including the Baltimore Urban League, the Historic East Baltimore Community Action Coalition (HEBCAC), and the Poppleton Village Center in the Empowerment Zone. The Empower Baltimore Management Corporation has created a $3 million Brownfields Fund for the Empowerment Zone, and the city has received $350,000 from the U.S. Environmental Protection Agency for a Brownfields Cleanup Revolving Loan Fund. The State of Maryland provides a Brownfields Revitalization Incentive Fund making loans and grants to investors for site clean-up, and Brownfields Property Tax Credits with an extra incentive for property located within one of the state's Enterprise Zones. All of these tools and other Baltimore City government initiatives are available for doing this work that is so environmentally and economically vital to the city's future, in which productive land is a precious commodity and valuable resource for creating and maintaining both a prosperous and sustainable city.

Action Sixty: Accelerate public-private-community partnership efforts to clean-up and redevelop environmentally damaged "brownfields" sites for productive commercial and industrial use to create jobs and expand businesses in Baltimore, using city, state, and federal tax credits, loans, grants, land assembly, and other

incentives.

Many of the areas where BDC has already developed or is developing industrial and business parks are located in the federal Empowerment Zone and the state Enterprise Zones. The same is true for the most of the 16 brownfields sites being cleaned up and redeveloped by BDC and various other private developers and non-profit community development organizations. The federal Enterprise Zone, which encompasses parts of west Baltimore, east Baltimore, the Inner Harbor East, and the Fairfield industrial district in south Baltimore, is limited in size by Congressional statute and is not likely to be increased in size or geographic area. The federal Enterprise Zone provided Baltimore City with $100 million in grant funds, and several tax incentives to promote business investment, job creation, and local hiring in the Zone. Similarly the state Enterprise Zones offer several tax incentives to stimulate private capital investment and job creation.

State Enterprise Zones in Baltimore include the entire federal Empowerment Zone, plus other areas in west Baltimore, central Baltimore north of downtown, east Baltimore, along with industrial areas in Waterview and in Port Covington/Westport/Locust Point. These state tax credits can serve as an attractive financial incentive to influence business location, investment, and hiring decisions of benefit to Baltimore neighborhoods and residents. Unlike the federal Zone, there is much greater opportunity for the State of Maryland to expand the existing Enterprise Zones in Baltimore and create new ones. The city's business, government, civic, and community leadership should explore the potential of increasing the land coverage of state

Enterprise Zones as an added incentive for business and job growth.

Action Sixty-One: The State of Maryland should expand the size and number of Enterprise Zones in Baltimore, both to cover the entire downtown area, and to strengthen economic development on industrial and commercial redevelopment land and business parks, including brownfields clean-up sites.

IV. Strategic Finances

LINKING ECONOMIC GROWTH TO FISCAL MANAGEMENT

Baltimore has maintained consistently good municipal credit ratings through prudent fiscal management and avoidance of excessive borrowing. However, this fiscal conservatism comes with a price tag: heavy reliance on property taxes and state and federal grants. Federal and state grants are too uncertain to count on over the long term, as cutbacks in the 1980s and 90s have already demonstrated. And drawing over 53% of general fund revenues from property taxes, far in excess of most other cities, may have helped stimulate the population loss that the city has suffered in recent decades. It is essential to diversify the revenue sources and expand funding for basic services as well as economic investments if Baltimore is to grow its tax base and strengthen its economy and population in the 21st century. In other words, the city's financial managers must change their thinking about holding back on the use of economic incentives for employment and homeownership. Baltimore must **invest more**, not less, if the city wants to produce future job growth, rising income prosperity, *and* increased tax revenues.

Doing these things will require restructuring Baltimore's revenue base to attract and retain both jobs and people, capturing the full economic product of the City within the metropolitan region and the State of Maryland. This involves a local wage tax where people work, reimbursable by the state where they live; it also involves local cities and counties gaining a portion of the state sales tax on goods and services purchased in their respective jurisdictions, and several other new ideas for making Baltimore both more financially solvent and more economically vital. To keep its good credit ratings over the long run, Baltimore must invest and grow. The city's budget must be a tool for expanding the overall economy, not shrinking it.

For Baltimore to grow both jobs and people by providing a competitive economic environment for global markets, and an attractive quality of life with good physical conditions and services, the tax base must be restructured to provide incentives for businesses and residents to invest in the city's future. New sources of revenue that capture a larger share of Baltimore's real economic output will enable the city budget to increase as needed, improve efficiency of service delivery, and provide economic development incentives, while reducing the current dependency on property taxes and allowing for further property tax rate reductions.

Baltimore has a longstanding reputation for sound and fairly conservative fiscal management, which has enabled the city to retain relatively good credit ratings in the municipal bond markets. Recently, out of concern that the city's fiscal situation might worsen, some have argued that the city must raise property taxes in order to increase revenues, cut services in order to reduce expenditures, and eliminate economic development investment and incentives to save money. This is entirely the wrong approach. Philadelphia went bankrupt by frequently raising taxes to try and balance its budget. So many people and businesses left the city that the tax base actually declined by far more than the tax rate increases could capture. Only when Philadelphia, under Mayor Rendell, began modestly cutting taxes did the city's economy begin to improve, jobs grow, and the tax base rise. Similarly, cutting infrastructure maintenance and and quality service delivery is the surest way to lose population, harm the tax base, destabilize neighborhoods and damage the economic climate. Improving infrastructure and services – through greater efficiency, not necessarily higher cost – is absolutely essential to retaining and attracting both jobs and residents, two equally vital goals for Baltimore to strengthen its economy and its tax base.

Investing in economic development, through publicly-funded capital projects, along with tax credits, revolving loans, capital grants, land write-downs, and other incentives, is the best way to grow jobs, population, and the tax base. This will allow for tax rate reductions, improvements in physical infrastructure and amenities, and reform and strengthening of basic service delivery to make the city clean, safe, and well-educated. Cities will only thrive when they invest and grow.

The solution is to be bold and aggressive, to take a fresh look at the traditional financial assumptions that have governed Baltimore City for too long. We have already demonstrated that the city's self-imposed debt ceiling is not necessary to maintain the city's good credit ratings, and stands in the way of obtaining the dollars needed to stimulate private sector investment and job creation. Other older industrial cities, such as Cleveland, have taken the course of greater leveraged public capital investment, and still maintain comparable bond ratings to Baltimore's. Another myth to be challenged is that Baltimore's long-time fiscal structure is sacrosanct and cannot or should not be changed. Such an attitude is short-sighted. A recent study by the National League of Cities clearly demonstrates that cities with a more diversified revenue base -- combining property taxes, income taxes, and sales taxes in relative balance – are in healthier fiscal condition. Baltimore is far from diversified. Indeed, Baltimore is more dependent on property tax revenues to support its general fund expenditures than almost any other major American city. The attached table illustrates the disparity – Baltimore derives over 53% of its total general fund revenues from local property taxes, significantly more than any comparable city in the NLC survey. (Insert Table One here)

Baltimore must diversify its tax base to capture a larger share of the output produced by the city's economy. This means not only taxing the incomes of Baltimore residents, but also of Baltimore's workforce. Thirty-five percent of all the jobs in metropolitan Baltimore are located within the city. Indeed, one-third of all the region's office space and over 40% of its hotel rooms are located in downtown Baltimore alone. The city is still the single largest engine of economic growth for the metropolitan region. While Baltimore has been steadily losing population to the suburbs, many of these people continue to work in the city. According to the Baltimore Metropolitan Council, one-quarter of Baltimore County residents work in the city, along with 10% each of Anne Arundel, Harford, and Howard County residents. Many of these people moved out of the city, among other reasons, for lower property taxes, yet they continue to earn their livelihood in Baltimore City. It is time for Baltimore to remove the incentive for people to move out, and create incentives for people who work in the city to live here as well.

The best solution is for Baltimore City, as well as all of the other surrounding counties, to tax wage and salary incomes of business owners, executives, managers, professionals, and workers of all types who are employed within their boundaries. This is what Philadelphia, Pittsburgh, Detroit, Cleveland, Columbus, Akron, Cincinnati, Dayton, Toledo, Wilmington (DE), Indianapolis, St. Louis, Kansas City (MO), New York City, Los Angeles, San Francisco, Yonkers, Newark (NJ), Grand Rapids, Lansing, Harrisburg, Bethlehem, Scranton, Portland (OR), and many other cities do. In fact, Maryland is the only state in America which permits all of its counties plus Baltimore City to levy an income tax on residents, *yet expressly prohibits these same local governments from taxing the wages and salaries of non-residents working inside their jurisdictions.* In Pennsylvania, Michigan, Ohio, and other states, non-residents who pay wage, employee, or income taxes in the jurisdiction where they work receive a state tax credit or a credit from their resident locality. These various forms of reciprocal income tax credits reduce the total tax burden on individuals and families who are paying non-resident wage/employee/income taxes. The State of Maryland can enact a 100% reciprocal income tax credit, holding constant household income tax liability, while assisting all of the local jurisdictions that are major employment centers strengthening the state's economy – Baltimore City, Baltimore County, Anne Arundel County, Howard County, Montgomery County, Prince George's County, and many others.

In Baltimore and elsewhere, diversification of the tax base to cover all employment will actually enable the city both to reduce property taxes and to improve services, providing a genuine incentive for retaining and attracting businesses and residents. Taxing people where they work will help level the playing field between local governments, and retool the incentive structure to encourage businesses and residents to stay in or move to older built-up areas of cities and counties. This is precisely what the state's Smart Growth policy is designed to accomplish, which is another important reason why the Governor and Legislature should strongly support this vitally needed reform.

Another related action to diversify the revenue base is for the state to share at least one cent of the sales tax with the city or county in which the sales occur. Since this is a form of revenue sharing between state and local governments, it will not add to the tax burden on purchasers of goods and services from within or outside the state. However, it will make a major difference in improving the fiscal health of local jurisdictions that are the major generators of sales volume. Baltimore, in particular, with its 13 million in annual visitors and major culture, entertainment, and specialty retail attractions, is clearly a leading engine of sales activity within the State of Maryland, and should be permitted to capture a larger share of the economic output it generates. This diversification will strengthen Baltimore's tax base and enable the city to invest and grow its economy, which is the only strategy that is viable over the long term.

Action Sixty-Two: Levy city taxes on wage and salary incomes earned in Baltimore by every individual, regardless of where he or she lives, with a reciprocal state credit for non-resident taxpayers, as is done in various forms in Michigan, Ohio, and Pennsylvania. This new revenue source will enable Baltimore City, and every other job-generating county in Maryland, to capture a larger share of the economic product created within their jurisdiction, without adding to wage and salary earner's local tax liability, and with no net loss of revenue for any local governments in the state.

Action Sixty-Three: Enable Baltimore City, and every other county in Maryland, to receive a share of the existing state sales tax for every sales transaction that takes place within their local jurisdiction. This will substantially increase local revenues where a large volume or high value of sales activity is generated, while holding sales tax rates at their current levels.

Baltimore has been steadily reducing property tax rates for the past decade, and they are now at their lowest level since 1972. Even while rates are declining, revenues should be increasing due to the recent growing strength of commercial and residential real estate markets. However, Baltimore is not capturing its share of this rise in sales prices and rents, due to outdated property value assessments by the State of Maryland. The state only reassesses real property every three years, based on a regular schedule. Even if a property is sold for a substantial price increase one day after its triennial assessment, its value for assessment purposes is not upgraded until its regular reassessment date three years later. This practice should change immediately, or Baltimore will lose out on the city's current real estate market vibrancy that is raising values both in downtown and in many neighborhoods. The State of Maryland should reassess property annually rather than every three years, and also should reassess properties whenever they are sold.

In addition, Baltimore presently does not have any role in the process of property tax assessments by the state, including the vitally important appeals process whereby necessary adjustments can and should be made. Such circumstances call for immediate reform, allowing Baltimore and every other city and county to have direct input into a process that so critically affects their revenue base and fiscal health.

Action Sixty-Four: Reform the state's property tax assessment and appeals process, including annual rather than triennial reassessments, immediate reassessment whenever a property is sold and market values change, and greater local government involvement in assessments and appeals. This will enable Baltimore City and every other city and county to capture a larger share of the economic value being generated within their jurisdiction, making it possible for revenues to increase even while rates are being reduced.

Capturing a fair share of the full value of economic activity with Baltimore through property taxes is difficult, which is why it is so important to diversify the revenue sources as well as reform assessment practices. Another difficulty with property taxes is that Baltimore has so many non-profit institutions within its borders – colleges and universities, hospitals and medical centers, human services providers and philanthropic foundations , non-profit corporations and trade associations – that are exempt from taxation of real property. Yet these and other non-profit entities, especially the larger ones, utilize a significant portion of city government services, everything from police and fire to water and sewers to streets and schools to libraries and parks. One way to help level the playing field in sharing fiscal responsibility by all beneficiaries of municipal spending is to ask tax-exempt organizations to pay their share of these costs through voluntary payments in lieu of taxes (PILOTs) or a variety of fee-for-service arrangements. Boston, which has a very large number of tax exempt properties, has recently been successful at convincing non-profit institutions to make substantial voluntary payments to the city government for financing infrastructure, services, and economic and community development investments. Baltimore should learn from this example and adopt a similar initiative.

Action Sixty-Five: Encourage non-profit organizations that are currently exempt from paying local property taxes, especially the larger institutions, to make voluntary payments to Baltimore City government for covering a fair share of the cost of municipal infrastructure, services, and economic and community development investments.

Baltimore City is a primary engine of economic growth for the entire metropolitan region, with more than one-third of the jobs, office space, hotel rooms, and other key indicators of productive activity. The city is an integral and vital part of the metropolitan economy, yet it bears a heavy burden of caring for more than its proportional share of the region's poverty and other social expenditures. One additional legislative measure to improve Baltimore's fiscal outlook is for the Maryland legislature to enact the proposal for regional revenue growth sharing put forward by the Citizens Planning and Housing Association and endorsed by the Greater Baltimore Committee. This legislation would authorize Baltimore City and its surrounding counties to share a portion of the growth in revenues from future commercial investment and development, similar to what is done in the Minneapolis-St. Paul region, metropolitan Dayton in

Ohio, the Hackensack Meadowlands area of New Jersey, and other places.

Action Sixty-Six: Support regional revenue growth sharing for metropolitan Baltimore, to enable Baltimore City to cover its exceptionally large share of regional human services costs by recognizing the city's role as a major generator of Greater Baltimore's employment and income prosperity.

In addition to finding new ways to raise revenue, Baltimore City also must search for new methods of reducing expenditures. One solution is for the State of Maryland to assume responsibility for helping to manage and pay for key city functions that have a profound impact on the state's economy and population. For example, in 1991 and 1992 the state agreed to help finance Baltimore City Community College and the city jail operations, and in 1995, the state committed $254 million for the public school system. Recently proposals have been made for the state to assume the costs of the Circuit Court system, the State's Attorney's Office, the Sheriff's Office, the Board of Elections, the two stadiums in Camden Yards, the Baltimore Arena, the Baltimore Convention Center, and other agencies or facilities. If even some of these expenses are picked up partly by the state budget, it will help improve Baltimore's overall fiscal health in the years ahead.

Action Sixty-Seven: Convince the State of Maryland to assume a larger share of financial responsibility for funding various local agencies and facilities, such as the 1991 state commitment to annually provide substantial funds for Baltimore City

Community College.

Baltimore City's government can also cut spending and raise revenue though management reform that will increase efficiency in performance of city government responsibilities and delivery of basic services. One approach is through managed competition, where city agencies compete with private contractors for performing certain tasks, with the selection based on who will adopt the most cost-effective methods of producing quality results, as is done quite extensively in Indianapolis, Phoenix, and other cities. Under this scenario, some city government functions may be privatized, and the competitive nature of the bidding process is designed to ensure that every agency, public or private, improves its operations and finds way to accomplish more with less waste of personnel, supplies, and time. Baltimore City's government payroll is considered by some to still be too large even after considerable staff reductions during the past decade. Many analysts believe the city government's workforce can withstand further careful reorganization and downsizing while maintaining or even improving performance standards. Finally, Baltimore City government agencies can be required to find and develop new and creative ways to raise revenue, by becoming more entrepreneurial and market-oriented, attracting major private sector investments, and charging fees for products or services, where appropriate.

Action Sixty-Eight: Emphasize management reform to increase efficiency in Baltimore City government by improving service delivery at lower cost with fewer personnel; through managed competition and limited privatization; and stimulating local agencies to become

more entrepreneurial and seek out new revenue sources through innovative, market-oriented solutions.

As these new initiatives take shape, the improvement in revenue collection and expenditure reduction will enable Baltimore to expand public spending where needed and cut taxes where appropriate. Additional sources of local revenue, such as levying modest transfer or recordation taxes on all property transactions, will enable the Baltimore City government to reduce property tax rates and level the playing field with the surrounding counties. Further cuts in property taxes are important for encouraging both private sector job growth and residential population growth.

Action Sixty-Nine: Continue reducing property tax rates as Baltimore City government's overall fiscal situation is strengthened. This will improve the economic climate for stimulating both private job creation and residential population growth. To facilitate these tax reductions in a fiscally responsible manner, identify other new local revenue sources, such as levying transfer or recordation taxes on all property transactions.

Finally, it is fundamental important that Baltimore invest its public sector resources in improving and expanding high-quality infrastructure, amenities, and services. Ultimately this is the only way to grow jobs, increase residents, and raise the revenue base. Providing incentives for economic development is not a cost; it is an investment that can yield a substantial return for the people of Baltimore. Therefore, the city government should develop a resource allocation model to evaluate the costs and benefits of proposals both for public works and for private development projects assisted with public financing. Such an analysis will make clear which are the strategic investments that will produce a better and more prosperous city with much higher quality of life – “A Global City of Neighborhoods.”

Action Seventy: Establish a clear-cut public policy that Baltimore City government must invest in infrastructure, amenities, services, and financial incentives for the private sector to grow jobs and for neighborhoods to increase population. Develop a citywide resource allocation model to evaluate the costs and benefits of proposals both for public works and for private development projects assisted with public financing. This will help guide strategic investment decisions from the standpoint of promoting smart economic growth while maintaining sound fiscal management and good city government credit ratings for borrowing capital funds in the municipal bond markets.

Currently four Baltimore City government agencies – the Department of Finance, the Department of Housing and Community Development, the Department of Planning, and the Baltimore Development Corporation – are working together to create a Resource Allocation Model (RAM) that will provide improved analytical tools, including spreadsheet projections, to evaluate the potential costs and benefits of new development projects and other economic growth initiatives. This important cooperative venture, led by the Mayor, will yield important results through more effective policy decisionmaking by city government agencies as to when, where, and how to make the best public investments and offer the most productive financial incentives to the private sector in order to create jobs and increase incomes and investment.

V. Conclusion

THE GOAL: BUILDING A GLOBAL CITY OF NEIGHBORHOODS

Baltimore's new Economic Growth Strategy is not designed to reinvent the wheel. It is based on many excellent studies and plans initiated by many different public and private agencies in the past few years. The strategy recognizes and fully embraces this good work and builds upon it in creative and focused ways. In a sense, it is the necessary companion to PlanBaltimore, building upon its extensive recommendations, yet concentrating much more specifically on generating increased economic dynamism and international competitiveness for Baltimore in the 21^{st} century.

Though Baltimore City has existed for over two centuries, its best days are yet to come. With everyone working together: downtown and neighborhoods, public and private, bridging across racial, ethnic, religious, income, geographic, educational and cultural barriers, Baltimore will certainly generate much greater economic prosperity and quality of life for every family and community. The strategy is clear. Now the job is to make it happen. The job for all of us is to create more and better jobs, along with stronger and more livable neighborhoods.