

COOPERATIVE FORECASTING GROUP

10:00 A.M.

Wednesday, February 18, 2009

**Baltimore Metropolitan Council
2700 Lighthouse Point East, Suite 310
Conference Room A**

ATTENDANCE

Jeff Bronow – Howard County Department of Planning	410-313-2354
Mark Goldstein – Maryland Department of Planning	410-767-4454
Scott Graf – Carroll County Department of Planning	410-386-2145
Dr. Daraius Irani – RESI of Towson University	410-704-7374
Seema Iyer – Baltimore City Department of Planning	410-396-7272
James Palma – Maryland Department of Planning	410-767-4454
Dan Rooney – Harford County Department of Planning	410-638-3103
Kui Zhao – Baltimore County Department of Planning	410-732-9572

BMC Staff Members

Charles Baber – Baltimore Metropolitan Council	410-732-0500x1056
Victor Bonaparte – Baltimore Metropolitan Council	410-732-0500x1036
Dunbar Brooks – Baltimore Metropolitan Council	410-732-9574
Nancy Jones – Baltimore Metropolitan Council	410-732-0500x1025
Shawn Kimberly – Baltimore Metropolitan Council	410-732-0500x1026
Mary Logan - Baltimore Metropolitan Council	410-732-9570

The Chairperson, Dan Rooney, called the meeting to order at 10:00 A.M.

APPROVAL OF THE DECEMBER 19, 2008 MINUTES: Scott Graf moved for the approval of the cooperative forecast group (CFG) minutes of the December 19th meeting. The motion was seconded by Jeff Bronow. The minutes were approved.

DR. DARAIUS IRANI, RESI OF TOWSON UNIVERSITY, “ECONOMIC TRENDS IN THE BALTIMORE REGION”: Dunbar Brooks introduced the guest speaker, Daraius Irani, the current director of the Regional Economics Studies Institute (RESI) at Towson University. Dr. Irani earned his PhD in economics at U C Santa Barbara, where he specialized in labor economics and public finance. He was a key consultant to the State Department of Business and Economic Development BRAC study.

For his presentation, Dr. Irani provided a summary of a much broader analysis, the Maryland Economic Outlook, prepared for the annual RESI conference, scheduled to take place in Columbia, Maryland, on Thursday, February 19, 2009.

Dr. Irani said that the Maryland economy is considered by many local economists to be immune from recessions; however the current national down turn has had its effects. Unemployment/under employment is increasing, housing starts, retail sales and building permits are down. Real estate values and home sales are down to the lowest level since 1963, pushing the growth rate to a 20-year low. Consumer expenditures are about 66% of the state economy. The combination of stalled consumer spending and rising mortgage debt are at the heart of the economic downturn. The household savings rate, usually seen as a positive indicator, is up slightly to about 1.2%. Families are nervous about the future and delaying purchases when more spending is needed to stimulate the economy. These recessionary pressures are also reducing demand, slowing motor fuel consumption and pushing prices at the pump downward. Oil prices have dropped to about \$41 per barrel, down from a high of \$132. Gasoline is currently under \$2 per gallon. Unfortunately, the structural problems of supply remain unchanged. When the economy rebounds (2010?), \$132 per barrel oil prices are expected to return.

Maryland non-agricultural employment in 2008 was down 6%. The state unemployment rate is now about 5.8%. During 2008, workers held on to their jobs in greater numbers while layoffs increased significantly. Older workers nearing retirement age are staying in the work force longer. Job openings are down 35% from 2007 levels. Household out migration is higher than in migration. Borrowing and lending remains active overall but the volume of home mortgage closings is declining. While the Maryland economy is doing better than the nation as a whole, Maryland is doing worse now than in previous recessions. Dr. Irani postulated that federal stimulus dollars will slow Maryland's economic decline, most significantly in the latter months of 2010. Maryland, he remarked, is well positioned to benefit from federal recovery plans. The state shed a great number of manufacturing jobs, big losers in the new U S economy, prior to the current recessionary period. However, the state's current high level of demand for workers to support the growing health care, transportation and warehousing sectors is projected to continue in the years ahead. On the other hand, growth in the retail and service sectors will remain flat while composite growth is not expected to exceed 2%.

STATUS REPORT ON ROUND 7-B SOCIO-ECONOMIC FORECASTS: Dunbar Brooks distributed two spread sheets. One outlined local jurisdiction submissions (Baltimore County has yet to submit) for population, households and employment for Round 7-B. The accompanying spread sheet compared the 7-B forecast with Round 7-A. In terms of significant differences between the two rounds, he noted that 7-B employment was down significantly while population and household changes are modest.

Kui Zhao, the Baltimore County representative, said that the county 7-B forecast is completed and under review by the county planning director. She noted that three factors have pushed the Round 7-A 2005 totals upwards, (1) significant increases of population, (2) the updated master plan, and (3) a correction to the 2003-2004 housing estimate.

Anne Arundel County had reduced their numbers in years 2015 through 2035. He traced this drop to a TAZ adjacent to Fort Meade that lost about 26,000 jobs.

Dan Rooney questioned the reduced employment forecast in his Harford County submission. He said that he would check the numbers again; he recalls that 7-B employment submission should be identical to the 7-A forecast.

For Baltimore City, the population and household forecast for the out years was considerable higher. Seema Iyer said that Baltimore City increased its forecast for population, households and employment to reflect the anticipated impact of the Red Line. She added that the current under supply of rental housing will result in increased development of rental properties in the city. Mr. Brooks queried her on a recent City press release that said that the Red Line would generate 17,000 construction jobs and

stimulate 33,000 permanent jobs. He asked if those jobs were incorporated in the 7-B update. Dr. Iyer replied that the Red Line job gains are off-set by job losses in other areas, the 7-B employment forecast represent net gains.

Scott Graf said that recessionary conditions slowing growth in Carroll County lead to the reduced population and household numbers incorporated into the 7-B update.

Mr. Brooks said that once he receives the official Baltimore County forecast he will update the spread sheets for CFG member review. He will then prepare the data for a Travel Demand Model run adding household workers, employment by industry category, household income and school enrollments. The Air Quality Conformity test will follow. Charles Baber of the BMC staff said that he would share the results of the model run and conformity test with CFG members meeting in April or May. Mr. Brooks said that, holding to this schedule, 7-B should be ready for adoption by the BRTB by July.

DISCUSSION OF RECENT MDP SOCIO-ECONOMIC PROJECTIONS: Mark Goldstein, of the Maryland Department of Planning (MDP), gave an update on the status of socio-economic projections underway at state planning. This work, based on a 2030 planning horizon, reflects both the current economic downturn and direct BRAC impacts. So far, MDP staff have completed and posted population, household and labor force projections on their web site. Jobs numbers, by sector, should be completed and posted within the coming weeks.

Mr. Goldstein said that statewide, the 2010 population numbers are down about 118,000 from the set released last year. For the Baltimore Region, population is down about 49,000. The current state population number is about 51,600 below the 7-B total. He attributed much of the difference to several factors. MDP staff relies more heavily on Census Bureau estimates than local jurisdictions do. Additionally, revised birth records lead to some adjustments in the model. During recent work on school enrollment projections, MDP staff concluded that their population cohort model was under projecting births. In 2007 births were the 7th highest in Maryland history. This surge, traced to 2005, is expected to continue. It is driven by increasing Hispanic births which have been even higher than births among non-Hispanic whites. As a result of this finding, MDP staff recalculated state fertility rates, changing the age structure of the projected population. This increased birth rate is not enough to counter the huge numbers of "baby boomers" reaching retirement age, lowering the size of the projected labor force. The number of workers age 16-20 is declining. Additionally, BLS data indicates that U S workers are staying in the labor force beyond, what was, the traditional retirement age. Workers aged 60-64 composed about 50% of the labor force in 2000; by 2030 they will count for 66%. Workers aged 65-69 composed about 28% of the labor force in 2000; by 2030 they will count for 44%. For more detailed information, he directed CFG members to the Department's web site where a summary report on the components of change of the projected population can be found. This report breaks out birth, deaths and household migration for five year periods.

UPDATE ON 2010 U.S. CENSUS PARTICIPANT STATISTICAL AREAS PROGRAM (PSAP): Nancy Jones, of the BMC staff, updated the CFG members on her activities supporting local updates of census statistical areas. She said that Carroll County census tract and block group updates were completed and submitted to the Census Bureau during the last two weeks. This work was the test trial, completed within the 60 day time frame to get feed back on our approach to the updates. She is awaiting some indication from the bureau as to whether or not the update is acceptable. While changes to block groups were not requested by the bureau, she worked with Scott Graf of Carroll County to create more appropriate boundary lines. She said that Kui Zhao reviewed and updated all the census tracts for Baltimore County and is currently at work on the block groups. Mr. Brooks noted that the turn around time for all jurisdictions is 120 days. He agreed to contact for the official due date. He said he was comfortable with the progress we had made so far and did not anticipate any problems meeting the bureau's time table.

Dr. Iyer said that Baltimore City, through its data collaborative, has completed its census tract updates. Additionally, completed a preliminary round of the block groups but have some questions about changes made in 2000 to 1990 block groups. Mr. Brooks emphasized that the bureau is more concerned about the comparability of census tracts than they are of census block groups. For those CFG members that wanted to use recent census data to guide their update of blocks and tracts, Mark Goldstein mentioned that 3- year ACS (2005-2007) and single year (2007) data with margin of error can be found on the MDP web site. The data contains 8 variables; socio-economic data for all the CDPs and counties in Maryland in PDF format.

In regard to the PSAP, some CFG members voiced concern about whether or not they would receive timely feedback from the bureau regarding their submissions. Mr. Brooks expected feedback but was doubtful. Jeff Bronow said that Howard County has completed work on their census tracts and block groups using building permit data as a guide. They are now at work on the CDPs. They will package the completed package and forward it to Dunbar Brooks for transmittal to the bureau. Nancy Jones distributed the instruction sheet for packaging and distribution to CFG members. Dan Rooney said that he down loaded the census software for Harford County and may need some assistance from BMC staff splitting tracts and adding shape files. Mr. Brooks, speaking for absent Anne Arundel County representatives, reported that they are at work on their tracts. Mr. Brooks invited CFG members who run into problems with the PSAP software to contact Nancy Jones for assistance. Once he is in receipt of the updates from all jurisdictions, he will fold them into a single data file and forward it to the bureau, as they have requested. If he should have problems or concerns about any submission, he will call a special CFG meeting to discuss them.

REPORT ON 2008 BUILDING PERMIT ACTIVITY IN THE BALTIMORE REGION:

Shawn Kimberly, of the BMC staff, reported on regional building permit activity in 2008. He distributed a copy of his PowerPoint presentation, *Baltimore Metropolitan Building Activity 2008*. BMC staff takes the building permit data submitted each week by local jurisdictions and uses it to produce monthly and annual reports. Prior to 2008, the report divided permits into residential and nonresidential groupings. New for this year, the report has identified two additional categories: mixed-use and "Green" permits. The former are permits that include both residential and non-residential uses and the latter includes non-conventional energy sources and/or energy conservation or otherwise environmentally conscious improvements. Unfortunately, local jurisdictions do not code the permit data to identify "LEED" certified projects.

Mr. Kimberly said that the average annual number of new residential units permitted in the region during 2000-2008 was 9,430. He pointed out a steady decline after 2005. The total for 2008 fell to 5,460. However, he noted that the rate of decline is leveling off. Only Baltimore City and Baltimore County issued permits for more new units in 2008 than 2007. In 2008, Baltimore County issued more residential permits than any jurisdiction in the region. Anne Arundel County was the leader with single-family permits while Baltimore City took the multi-family crown. Total Additions, Alterations and Repairs (AAR) for residential uses were on a steady rise from 2000-2007, but 2008 marked a sharp downturn of over 20%. The decline of 2008 held true for each jurisdiction in the region. The total value of new non-residential permits in 2008 was about \$1.6 billion, no growth from 2007. Over half of that value (52%) is attributed to construction activity in Baltimore City. In 2007, the value of construction projects in the healthcare group topped all other sectors surpassing \$560 million, but in 2008 the retail/commercial sector took the lead with nearly \$480 million. The total value of non-residential AAR permits in 2008 was about \$1.6 billion, up nearly 18% from the prior year. Over half the value of these permits were in the institutional sector. Baltimore City was the leader with about 38% of all the permitted value in the region.

Three mixed-use permits, valued at \$87 million, were issued in 2008. These projects, all in Baltimore City, included 530 residential units.

In 2008, there were 58 “Green” permits, valued at about \$10 million. Nearly 50% of the permits were in Baltimore County and valued at \$6 million. Over half of the value of the “Green” permits was in the warehouse category.

REPORT ON 2006-2008 HOUSING SALES ACTIVITY IN THE BALTIMORE REGION:

Victor Bonaparte, of the BMC staff provided an update of his ongoing analysis of the volume of single-family home sales (new and existing) in the Baltimore Region during the last three years. He distributed a series of bar charts and graphs featured in his power point presentation. His analysis includes data from sales records that span the 36-month period of January 2006 through December 2008. The base data was pulled from the Metropolitan Regional Information Systems (MRIS) real estate sales reports. His report is limited to traditional single family home ownership and excludes condominiums, cooperatives and ground rents. The sales data in his report is presented in six categories separated in \$100,000 increments. The lowest is pegged at \$100,000 and under and the highest at \$500,000 and over. The charts graphically verify the widely recognized rapid decline of housing sales since the 2006 peak year. While the percentage of sales at each price point has remained nearly identical during the three year study period, the total number of sales in 2008 declined nearly 60% from the 2006 total.

The analysis indicated that, for the region, homes priced in the \$300,000 range were nearly a quarter of annual sales. The months of June, July and August recorded the highest number of sales during each year. Most sales (30%) were priced between \$200,000 and \$300,000. However, more than 50% of all sales were priced between \$200,000 and \$400,000.

He then walked CFG members through the graphs, pointing out significant facts about the data for each jurisdiction. While houses priced in the \$300,000 range topped all categories in Anne Arundel County, sales over \$500,000 were a close second. Baltimore City leads all jurisdictions in sales of homes priced at \$100,000 and under. About 60% of home sales in Baltimore City were under \$200,000. Baltimore County leads all jurisdictions in sales in the \$200,000 range. About 60% of sales in Baltimore County were closed under \$300,000. Carroll County recorded the lowest total number of sales of any jurisdiction. However, sales at \$400,000 and above fell to about 22% in 2008, while sales priced from \$200,000 to \$400,000 rose six percentage points. In Harford County, sales in the \$200,000 range lead all categories in 2007 and 2008 at roughly 44%. Sales at \$400,000 and above hovered at about 20%. Howard County remained the unquestioned leader in percentage of sales of homes priced at \$400,000 and above (50%) even though total sales in 2008 were 1,040 units below the 2006 mark. Additionally, in 2008 homes priced above \$500,000 fell to 33%, down from nearly 40% of all sales in 2007.

OTHER BUSINESS:

Having no further business, the meeting adjourned at 12:35 P.M.

Next CFG Meeting – April 15, 2009