

# Impact of Cleveland Casinos on Midtown

Ed Morrison  
[edmorrisson@i-open.org](mailto:edmorrisson@i-open.org)

Learn more on the Cleveland 2.0 blog  
<http://www.i-open.org/cleveland2>

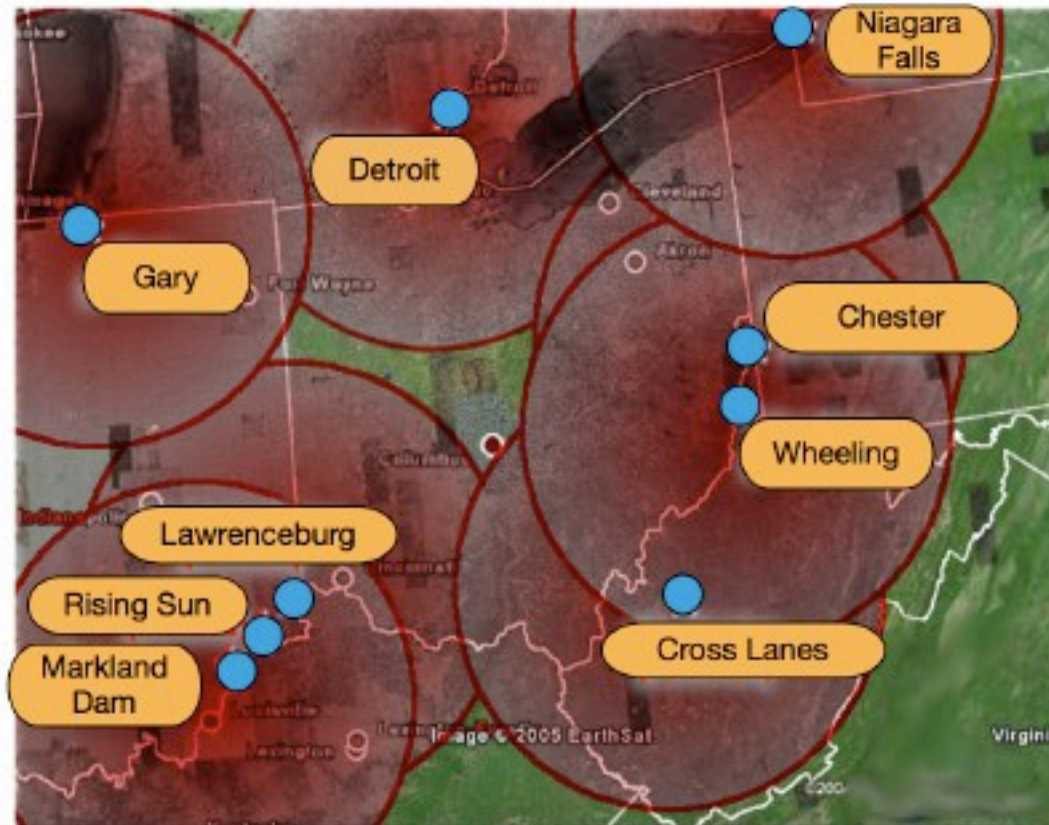
# Key points

- Incomes will be drained from Northeast Ohio. The money recycled through “economic development” set-asides will not compensate for these losses
- Without restrictions on casino-based restaurant operations, subsidized restaurants in casinos will create a restaurant “dead zone” within a mile of the casinos. For this reason, the City of New Orleans mandated no restaurants for Harrah’s land-based casino. No such restriction has been negotiated with Forest City or Jacobs.
- The incidence of pathological gambling will be higher in Cuyahoga County compared to surrounding counties.
- Within Cuyahoga County, the incidence of pathological gambling will be highest in the poorest neighborhoods, such as Midtown
- The costs of pathological gambling are high: between \$8,000 to \$16,000 per gambler. A portion of these costs are paid by employers in lost productivity and unemployment
- The incidence of property crime and violent crime will likely increase dramatically within three to five years after the casinos open

The millions of dollars that Cleveland casinos will generate will come from the residents of Northeast Ohio.

On average, a casino patron loses \$60 to \$80 per visit.

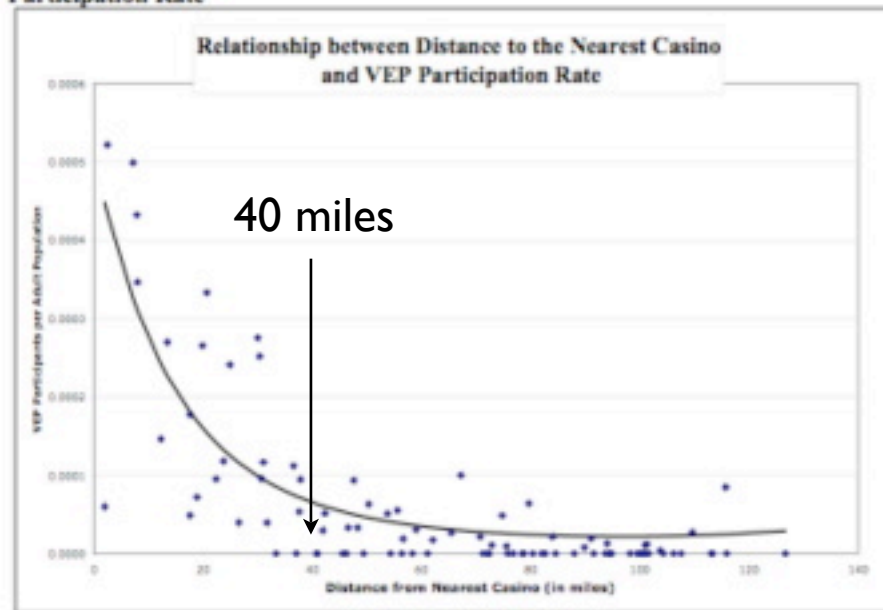
**Cleveland is surrounded by casinos. This fact makes it likely that most of the revenues going to Cleveland casinos will come from the personal incomes of Ohio residents.**



The incidence of pathological gambling will be higher in Cuyahoga County

**Indiana has found that pathological gambling rates are higher closer to casinos. This graph measures the location of problem gamblers who have entered a Voluntary Exclusion Program to keep out of casinos.**

Figure 6: Relationship between Distance to the Nearest Casino and VEP Participation Rate

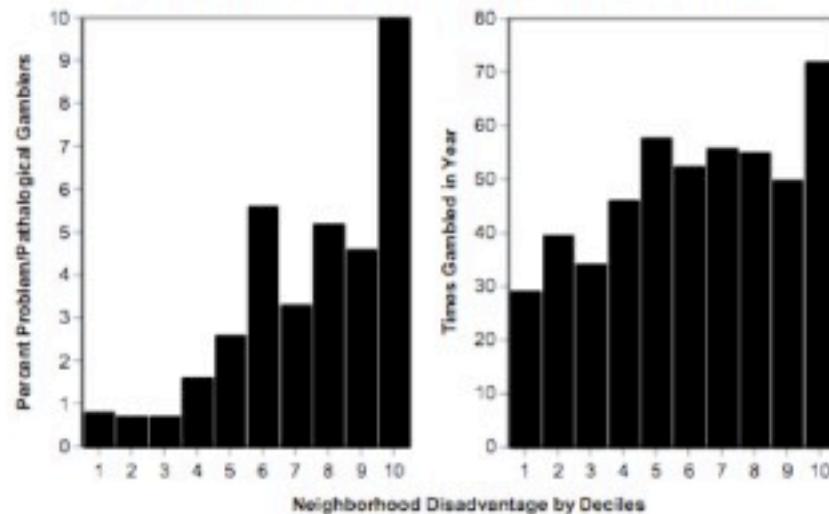


Source: PolicyAnalytics, A Benefit-Cost Analysis of Indiana's Riverboat Casinos for FY 2005 , (2006), p. 39.

Within Cuyahoga County, the incidence of pathological gambling will be concentrated in lower income neighborhoods like Midtown

### Casinos create more problem and pathological gamblers in disadvantaged neighborhoods.

Gambling Involvement by Neighborhood Disadvantage



The left panel shows that respondents who live in the ten percent most disadvantaged neighborhoods have twelve times the rate of pathological or problem gambling (10.0%) as those who live in the ten percent least disadvantaged neighborhoods (0.8%).

The right panel shows that the frequency of gambling in the ten percent most disadvantaged neighborhoods (72 times/year) is more than twice the frequency in the least disadvantaged decile (29 times/year).

Source: John W. Welte, Research Institute on Addictions, Buffalo NY, et. al., "The Relationship of Ecological and Geographic Factors to Gambling Behavior and Pathology", (2003).

The costs of each pathological gambler is difficult to measure, but based on interviews with these gamblers, the costs range from \$8,000 to \$16,000 per gambler...Employers in Midtown will face the brunt of employment costs

**The annual costs of a pathological gambler range from \$8,600 to \$16,034. The Cleveland casinos will be creating about 30,000 of them.**

**A Summary of the Annual Societal Costs of one Level 4 Problem Gambler**

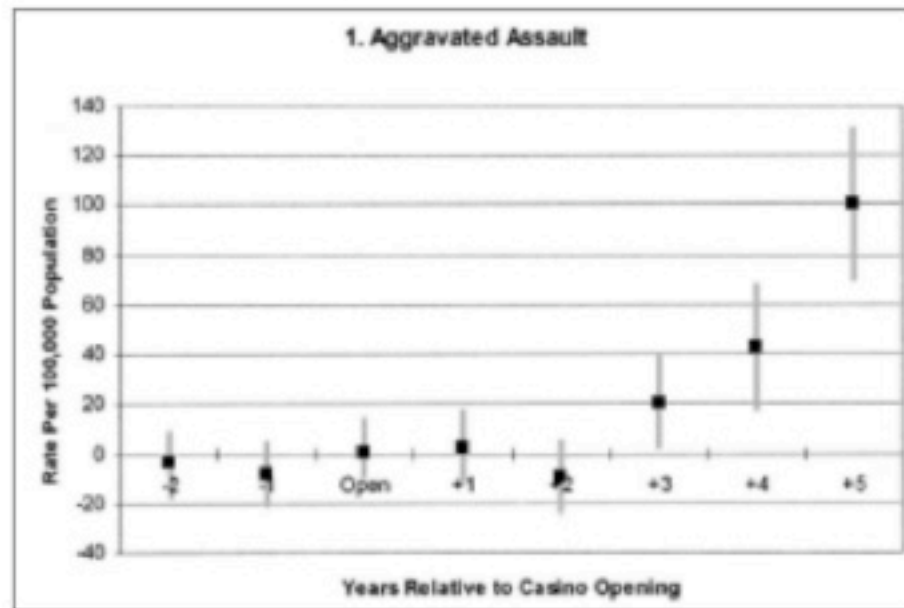
	<b>Connecticut</b>	<b>Wisconsin</b>	<b>Louisiana</b>
<b>Employment Costs</b>			
a. lost work hours	\$1770	\$1329	\$5809
b. unemployment compensation	488	488	33
c. lost productivity/unemployment	1666	1666	127
<b>Bad Debts</b>	2300	1487	1246
<b>Thefts</b>	7219	1733	1929
<b>Civil Court Costs</b>	536	535	457
<b>Criminal Justice Costs</b>			
a. costs of arrests	71	38	53
b. costs of trials	458	179	192
c. costs of probation	333	152	157
d. costs of incarceration	556	534	* 533
<b>Welfare Costs</b>	523	347	27
<b>Treatment Costs</b>	114	377	396
<b>TOTAL ANNUAL SOCIAL COSTS EACH COMPULSIVE GAMBLER</b>	<b>\$16,034</b>	<b>\$8,635</b>	<b>\$10,958</b>

\* directly calculated costs see section 4A in methodology

Source: LSU Medical Center-Shreveport, "Estimating the Social Costs of Gambling Disorders in Louisiana for 1998" (1999), p. 31.

As pathological gambling takes hold, research has shown that property crimes and violent crimes go up...The highest increases happen 3 to 5 years after a casino opens

**From new research, it appears that some of the social costs of casinos, notably violent crimes, go up over time.**



Source: PolicyAnalytics, A Benefit-Cost Analysis of Indiana's Riverboat Casinos for FY 2005 , (2006), p. 81.