

**Anticipating and Adapting
to Growth Pressures:**

**Strategic Thinking for the Future of
Caroline County to the Year 2025**

October 2005

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University of Maryland Institute for Governmental Service
4511 Knox Road, Suite 205
College Park, MD 20742

Phone: 301-403-4610

Fax: 301-403-4222

www.umd.edu/igs

Strategic Planning Committee for Public Finance

Blair Carmean
Citizen and Businessman

Charles Cawley
Caroline County Administrator

Terry Fearins
Denton Town Administrator

Michael Feldman
Citizen and Former Federal Budget Analyst

Betsey Krempasky
Caroline County Director of Planning and Codes Administration

Father Chris LaBarge
Citizen and Committee Liaison to the Hispanic Community

Abigail McNinch
Citizen and Homemaker

George "Happy" Mayer
Town of Federalsburg Main Street Manager

Kevin Morse
Executive Director, Mid-Shore Regional Council

Cindy Rousseau
Citizen and Businesswoman

Edward Shirley, Ed. D.
Superintendent, Caroline County Public Schools

JOK Walsh
Executive Director, Caroline Economic Development Corporation

Participant Observers

Vicky Carrasco
Specialist, University of Maryland Sea Grant

Michelle O'Herron
Program Manager, University of Maryland, Environmental Finance Center

Facilitators and Staff

Patti Belcher

Coordinator of Publications, University of Maryland, Institute for Governmental Service

Philip Favero, Ph.D.

Senior Consultant, Booth and Favero

Monika Thompson

Consultant, University of Maryland, Institute for Governmental Service

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Executive Summary

Caroline County is experiencing a significant rise in its population-growth rate from the 1% annual rate that persisted for several decades. Projections are for the rate of increase to accelerate over the next two decades to about 2.7 percent. We, the Caroline County Strategic Planning Committee for Local Public Finance, believe rapid population growth will create both opportunities and threats for the provision of and payment for county and municipal public services, including education, public safety, health care, environmental protection, and water-supply and waste-water disposal. Therefore, we urge fellow citizens, community leaders, and public officials of Caroline County to engage in a broad, open and constructive dialogue about population growth, including the key factors that determine its consequences, a vision and goals for our common future, and processes and policies to achieve the future we commonly prefer. In our report, we offer a set of ideas to promote such a dialogue. We regard these ideas as initial, not final, and hope that our fellow citizens will build and improve upon them.

In developing our ideas we drew upon the following: population growth projections by the Caroline County Planning and Codes Department; a mail survey of county land owners; a field visit to Calvert County, Maryland; a written survey of high-school-age youth; focus group and personal interviews with African-American and Hispanic residents of the county; staff analyses of policy options; and committee discussions at monthly meetings over the period August 2004 to June 2005. While we did not agree, always, on population growth issues, we are in unity about the ideas offered in our report.

Our vision for the future is to conserve and preserve, over the next 20 years, the values of our rural way of life. Our vision for 2025 also includes a diverse economy that provides good jobs, affordable housing, and an array of cultural opportunities for residents. We call the vision “Caroline County – The Quintessential Rural Place.”

From the vision we identify a set of growth management goals for the county. These are the following:

1. Unity about a target annual population growth rate;
2. Unity about the preferred location for new housing;
3. Coordination among local governments for the purposes of planning, creation of zoning and development regulations, and the provision of public services;
4. Protection of land values while managing growth;
5. A viable farming sector;
6. Good job opportunities for young people;
7. High quality public education;
8. Affordable housing for local residents;
9. Preservation of cultural and environmental assets;
10. Adequate health care services;
11. An adequate level of public infrastructure assets;
12. A public revenue system that is a reasonable response to citizen demands for public services and is also publicly acceptable.

To accomplish these goals we suggest using seven policy strategies:

1. A combination of transferable development rights, downzoning of unincorporated land, and the creation of greenbelts around existing towns (Goals 1, 2, 4, 5, 7 & 8);

2. Revenue sources tied to growth, creative development-rights-and-responsibilities agreements, and intergovernmental agreements between the county and municipalities to coordinate planning and land use controls, obtain adequate revenues to serve growing demands for public services, and to achieve economies in the provision of such services (Goals 3, 9, 11 & 12);
3. County and regional investments in entrepreneurship and the vocational trades, strengthening of the business climate for high-paying jobs, and support for local artisans, alternative and value-added agricultural enterprises, and craft businesses (Goals 6 & 7);
4. A timely decision about what should be done to prepare school facilities for increases in student population (Goal 7);
5. Incentives to developers and other policies to encourage the provision of adequate affordable housing (Goal 8);
6. Increased emphases on education about, land use policies for, and external grants to conserve and protect cultural and natural resources in the county (Goal 9);
7. Planning for new health care facilities, particularly by identifying land and infrastructure investments that will be needed, and by working with the private sector individuals and organizations to implement the plans (Goal 10).

We conclude our report with two suggestions for moving ahead with a dialogue about population growth. First, we suggest using proven methods of collaborative problem solving to help citizens, community leaders, and local governments engage the issue of growth. Second, we offer ten practical suggestions for extending our ideas into the political arena of Caroline County.

Caroline County citizens need not look long or far to view the costs for rural communities of unmanaged and uncoordinated rapid population growth. We hope and expect our report will create a deeper understanding of factors that determine the consequences of growth, spur a dialogue about our common vision and goals, and lead to policy actions that anticipate, adjust to, and manage growth.

A Call to Action

From now until 2010 Caroline County will experience, arguably, the most important five year period since the jurisdiction was established in 1774. Assuming no changes in local land use regulations, we believe the county is on a population-growth curve that will begin with a gradual, but significant rise in the rate of growth until 2010. Following that year and for a decade or so thereafter, we expect the county will experience an unprecedented influx of new residents. In anticipating such population growth, we urge citizens of Caroline County, particularly public and private community leaders, to use the next several years *before* a large in migration of residents begins, to create a vision, goals, and policy strategies to proactively shape the course of the county's future. Five years is a short time to accomplish those tasks. The time to begin is now.

Our committee views population growth as a force for change. If local governments adapt well to the force, population growth could mean the continuation of high quality services such as education and emergency response, and improved services such as those for health care. Population growth could also mean increased opportunities for employment and incomes in the private sector. If local governments and citizens do not anticipate well or if they mishandle growth, however, the force of growth will threaten the traditional quality of life in the county. We ask community leaders – active citizens and public officials in the county and municipal governments – to join together in anticipating, shaping, and making the most of population growth.

Our Perspective

Our committee has as its members “been heres” and “come heres,” farmers and town dwellers, people interested in economic development and people interested in historic preservation, and private citizens and public officials from both county and municipal governments. While we have not always agreed, our work has involved mutual respect, give-and-take learning about the present situation, and, ultimately, this unanimous call to action. An overview of the committee's mission and work is included in Appendix A.

Objectives

We urge the citizens of Caroline County to engage in a public dialogue over the next several years about the following questions:

- What do we value about our home county?
- What population growth is likely to occur and how could growth change the county?
- What are our preferences for the future?
- How do we want to move toward that future in the context of pressures for growth?

Such a dialogue would provide the foundation and framework for county and municipal government policies and help strengthen the political will to implement those policies over time. Local government policies will affect the number and location of new residents, the mix of public and private services, taxes and other sources of revenue, the quality of the county's natural environment, costs for and the availability of housing, the scope and characteristics of agriculture, the sharing of growth's costs and benefits, and, ultimately, the quality of life in Caroline County.

We call on community leaders in the county to engage citizens in conversations to form a clear, common, and sustainable vision in anticipation of growth. We believe community leaders should view the expected population growth as an opportunity for learning and creative adaptation.

Our committee provides a first draft of a vision, a related set of goals, and some strategies to achieve the goals. We offer these as preliminary ideas for citizens to consider and improve. Last, we provide suggestions for continuing the work we have done, both to encourage collaboration among Caroline County's local governments and to extend the work into particular venues and processes.

Anticipating Growth

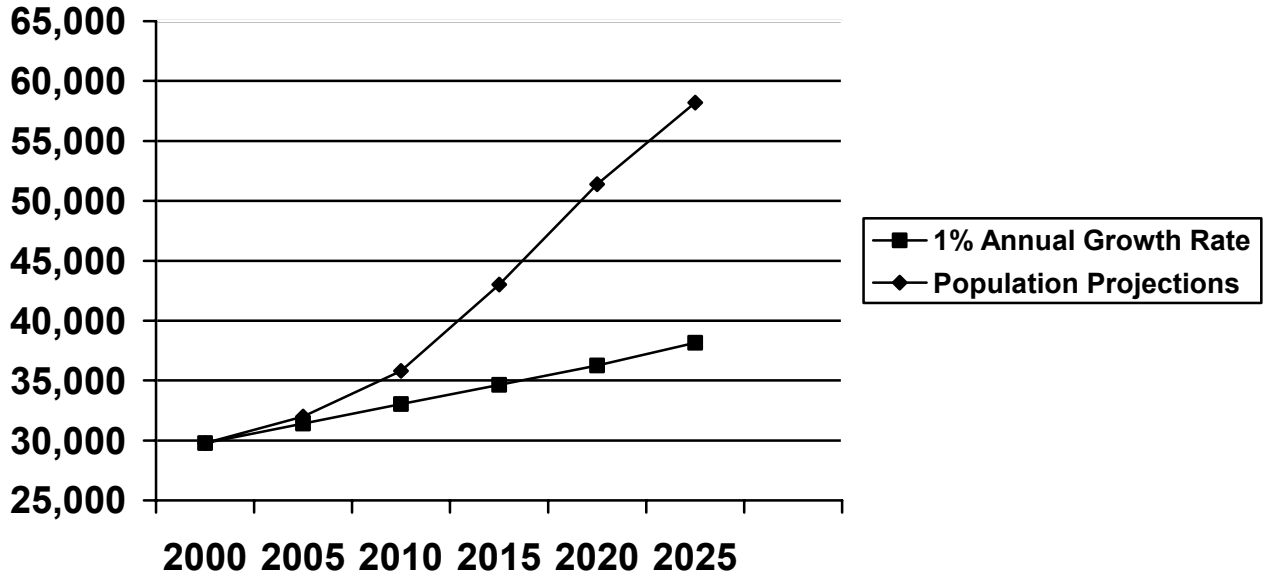
In the graph shown below, projections made by the Caroline County Department of Planning and Codes are illustrated for the period 2000 to 2025. The lower line illustrates a continuation of the population growth that has occurred over the last several decades – an average annual rate of 1%. The upper line projects population growth by taking into consideration factors, some of which are new, that will influence growth in the county. Factors include the following considerations:

- National demographic trends, particularly the retirement of “Baby Boomers”;
- Development rights in Caroline County, allocated according to current zoning;
- Water and sewer capacity available in the county's municipalities;
- Market trends for homes.

The upper line is the department's “Most Likely Projection,” *if no new growth management policies are enacted in the county*. The average annual rate would increase from 1% to 2.7%. Total population would increase from about 30,000 in 2000 to nearly 60,000 in 2025, an increase of about 20,000 people more than the historic trend line.

The two tables that follow the graph provide detailed numbers about the Most Likely Projection. In the *Caroline County Population Projections Table*, population is shown as growing from 29,772 people in the year 2000, to 58,200 in 2025. People living in incorporated areas (municipalities) are projected to increase from 9,854 in 2000, to 27,500 in 2025, an increase of 17,646 individuals. People living in unincorporated areas of the county would increase in number from 19,918 in 2000 to 31,700, a difference of 11,782. Thus, while the increase would be larger in towns than in the county, unincorporated areas would absorb a significant number of new residents.

Caroline County Projected Population Growth
2000 - 2025



- 1% A.G.R. – Reflects historic average annual growth rate from 1970 – 2000 continuing to 2025
- Projected 2.7% average annual growth rate 2000-2025
- 2025 Town Population = 27,500
 Unincorporated = 31,700
 Total Population 58,200

Source: Caroline County Department of Planning and Codes – March 2005

CAROLINE COUNTY POPULATION PROJECTIONS			
YEAR	POPULATION	TOWN	UNINCORPORATED
2000	29,772	9,854	19,918
2005	32,200	NOT AVAILABLE AT THIS TIME	
2010	35,800		
2015	43,000		
2020	51,400		
2025	58,200	27,500	31,700

Source: Caroline County Department of Planning and Codes – March 2005

PROJECTED NEW HOME CONSTRUCTION	
YEAR	ESTIMATED NEW HOMES
2000 - 2010	2,598
2011 - 2015	3,654
2016 - 2020	4,179
2021 - 2025	3,410
	TOTAL 13,841

Source: Caroline County Department of Planning and Codes – March 2005

The table titled “Projected New Home Construction” illustrates, over increments of time from 2000 to 2025, the numbers of new homes which, according to the Most Likely Projection, would be built. The total over 25 years would be 13,841 new homes. Because a large portion of the homes would be built in unincorporated areas, new-home construction would reduce the land available for farming. Literally, houses and garages would be growing where barley and beans once grew.

Appendix B, which was prepared by the Department of Planning and Codes, contains five growth scenarios for Caroline County over the period 2000-2025. Also shown are assumptions and implications of the scenarios.

A Framework for the Issue of Growth

Prior to the 1980s, because out-migration from rural areas across the U.S. was the norm, rural communities did not seriously consider the consequences of population growth. Rural communities in Maryland and elsewhere simply said to developers, “Come on in.” Beginning in the 1980s and through the 1990s, however, researchers began to study the fiscal, environmental, economic, and social consequences of growth in rural places. During those decades, a consensus emerged about rural places, which held that residential development, *on average*, creates more local public costs than it does revenues and that, *managed poorly*, growth creates serious impacts on farming and forestry, environmental quality, and people’s sense and enjoyment of place.

Research continues and more refined conclusions are being drawn. Recent studies emphasize that the consequences of rural development projects are neither simple nor predetermined. Rather, consequences depend primarily on the following factors:

1. **Community Vision** – whether a rural community – in our case Caroline County and its municipalities – has considered the qualities of life it wants to conserve, favorite places it wants to preserve, needs it wants to meet, and other planning goals.
2. **Types of growth** – the particular mix of residential, commercial, & industrial developments in any proposed project;
3. **Compositions within types** – e.g., the socio-demographic characteristics of new residents, assessed values of new property, types of jobs created, and potential consequences for farms and other existing businesses;
4. **Location** – the placement of development projects relative to existing sewer & water services;
5. **Pace of growth** – the rate of growth relative to the capacity of public facilities & services to absorb it without creating multiple and simultaneous “bump-up” costs;
6. **Concentration** – the clustering of new structures and infrastructure systems;
7. **Division of responsibilities for local public services** – the determination of which units of government will bear the public costs, such as for education and other public services;
8. **Potential efficiencies in the provision of public infrastructure and services** – the realization that local government responsibility for provision does not necessarily require production and, on that basis, achieving economies of size through intergovernmental and public-private contracting;

9. **Private sector adjustments** – the ability of farmers and other entrepreneurs to take advantage of new local markets that population growth creates;
10. **Development agreements** – negotiated contracts of two types: (a) between local governments and developers about rights and responsibilities for expected public costs (DRR Agreements); and (b) between governments through intergovernmental agreements (IGAs) to coordinate planning, zoning and development ordinances, e.g., IGAs between Caroline County and its 10 municipalities.

Because so many factors determine the consequences of growth, case-by-case analysis is needed. And because local control of consequences is possible, to some degree, strategic visioning and policy-making is needed too. Rather than a simple blessing or evil, population growth is beginning to be seen as a “force for change,” with significant potential consequences that can be shaped, in part, by communities. Whether the consequences of growth will be regarded, in retrospect, as beneficial or as regrettable, and whether the process of changing land use brings communities together or tears them apart, depends on the foresight of communities to plan for, shape, and take advantage of the population growth. Community leadership, sustained over time, is needed to successfully anticipate, adjust to, and make the most of this force for change.

A Vision for the Future of Caroline County

A community vision, we believe, is a “mental image” of the home place people prefer to inhabit at some time in the future. Although a vision is about the future, it is developed through a keen awareness of the present. Developing a community vision requires consideration of who lives in their community, how people are interdependent, what they value, what they want to preserve, and what forces are at work to create change. Through such awareness, people can make choices about things in their home place they want to conserve, protect, and change, thus making their mental image into a concrete reality.

In developing our committee’s vision for Caroline County, we drew on the results of a written survey of the county’s citizens (Appendix C), discussions with service organizations, focus groups with ethnic minorities (Appendixes D and E), a study of the county’s youth (Appendix F), a group exercise involving community leaders in identifying community assets (Appendix G), a visit to investigate the experiences of Calvert County, Maryland where growth is particularly strong (Appendix H) and discussions within our committee. We offer the following vision as a beginning definition of our preferred home place – what we term the “**quintessential rural place**” of Caroline County in the year 2025:

Caroline County

The Quintessential Rural Place

In 2025 Caroline County Citizens – as individuals, organizations, and through their local governments – will work together to ensure the county continues to be the “quintessential rural place on the Eastern Shore.”

- **Citizens will remember their history through preserved places, active festivals, and lively learning centers; exhibit a diverse economy that provides good jobs, affordable housing, and an array of cultural opportunities for residents; and look forward with pride and optimism to continuing the preservation and enhancement of the county’s sense of best rural place.**
- **Community leaders will cooperate to preserve the essential character of rural – a place where honest and friendly people work their productive farms, develop vibrant town centers, provide opportunities for young people, protect their environmental assets, and welcome visitors and new residents.**
- **Local governments will anticipate, shape, and take advantage of population and economic growth in ways that provide high-quality public services and enhance the county’s rural character.**

We call on community leaders to engage citizens in conversations about this vision and to revise and add to it as needed. The end product, we suggest, should appeal broadly to Caroline County Citizens. As such it would become the foundation for the county’s future.

When community members unify around a vision, it produces multiple benefits, including the following:

- Elected officials can use a vision to develop policies;
- Appointed officials can use a vision to shape the implementation of policies;
- Community leaders can hold public officials accountable and rally support around policies and practices that correspond with a vision;
- Private entrepreneurs can invest resources with increased certainty about the future;
- Government officials can use a vision when negotiating agreements with developers about rights and responsibilities;
- Grant seekers can use a vision to obtain resources from public and private organizations within and outside of the county.

Goals

As we use the term in this report, goals are the “structural columns” that rise from the foundation provided by the vision. Goals create a framework for public policies and government management, and for business investments and other private decisions. Based on the vision we have proposed, we recommend the following goals:

1. Create unity among local government officials and citizens about a numerical target for the county’s population in the year 2025.

As a number to start the conversation, we suggest a target of 47,848 people in 2025. That number reflects a base population of 32,200 people in 2005 and would mean the addition of 15,648 people over twenty years. It involves an average annual growth rate (AGR) of 2% for the next two decades. That rate is greater the 1% AGR the county experienced for the past several decades, but less than the AGR of 2.7%, which seem likely to occur if no new land-use policies are enacted.

2. Create unity among local government officials and citizens about where new housing in the county will locate.

Again, as a number to start the conversation, we suggest the target of locating 80% of all new homes within existing municipal boundaries through infilling. This is an ambitious number, because if no new policies are enacted, we expect only about 62% of new homes will be located in existing towns.¹ We believe, however, that while ambitious, 80% is feasible.

3. Develop increased coordination, among the county and towns, for the provision of planning, zoning, development ordinances, and local public services so as to maximize efficiency, effectiveness, and responsiveness to citizen demands.

The county and several municipal governments are beginning to consider intergovernmental agreements to coordinate planning processes and eventually, we hope, comprehensive plans and land use ordinances. All local jurisdictions are interdependent and coordination among all is necessary to effectively shape and manage population growth. Without intergovernmental coordination across the county, population growth will not be managed by the public. Intergovernmental agreements to provide public services are also possible and offer the opportunity to achieve efficiencies through economies of scale.

¹ We derive 62% by taking the population change to 2025 expected within towns under the “most likely” scenario projected by the Department of Planning and Codes – 17,664 people – and divide that by the total population change projected under the “most likely” scenario – 28, 428 people. Sixty two percent of the total number of new homes projected in this scenario – 13,841 homes – would be 8,581 homes. Eighty percent of new homes would be 11,073, a difference of nearly 2,500 homes being built in towns rather than in what is now unincorporated areas of the county.

4. Protect the value of land when managing the population growth process.

Any effective land use policy to shape growth in Caroline County will require the voluntary participation of owners of farms and open space. We believe the county's farmers prefer, in general, to maintain their land as working landscapes rather than convert it to subdivisions. Keeping a viable land base for agriculture will help protect this essential kind of rural business in the county. With financial needs for capital investments, retirement funds, and other costs, however, farmers rightly expect fair compensation for the sale of their development rights or their land for conservation and growth management purposes.

5. Support an economically viable farming sector.

While maintaining a significant amount of farmland will help the local agricultural industry, it will not be sufficient to make farming viable. Farmers are concerned about land use policies, but also about profitability and alternative enterprises. A common public mindset is needed to regard farming as a basic and expandable industry rather than as a means to preserve open land for "real" economic growth.

6. Provide good job opportunities for young people.

Often, young people prefer to remain in Caroline County or to return once they have experienced life elsewhere. Key to making those preferences possible is creating a combination of: (a) employers who demand well-educated local employees; and (b) a local school system producing well-educated high school and community college graduates. The interview with a focus group that involved several African-American youth (Appendix E) and the survey of High-School youth (Appendix F) both highlighted young people's interest in local job opportunities.

7. Continue to provide high quality public education.

Caroline County provides public primary and secondary school education without frills or waste. For the 2003-2004 school year, the county ranked 23rd of 24 Maryland school systems in per pupil spending. In the same year, teachers' salaries rank seventh among the nine systems on the Shore. Population growth is likely to strain the financial ability of Caroline County Government to provide public school services and facilities. Most of Maryland's larger counties spend half or more of their operating budget on public education; Caroline County currently spends around 35%. Larger systems also provide many more program opportunities, which newly arrived parents may have enjoyed elsewhere and demand for their children once they arrive in Caroline County. Population growth means increased needs for teachers and supplies; currently about 80% of the system's operating budget is consumed by salaries and benefits. The likelihood of financial strain on facilities is increased because a significant lag time exists in the state formula for aid for primary and secondary school construction. While responsibility for school funding lies with the county government, all citizens in the county – whether they have children or not, and including those citizens living in municipalities – have a crucial stake in helping

the schools provide a high quality education without imposing an unreasonable burden on local taxpayers.

8. Create affordable housing that is made available to local residents.

Observation of real estate prices in neighboring counties readily demonstrates how population growth can reduce housing options that are affordable to teachers, police officers, retail service employees, and other low and middle income earners in the workforce. Without planning and provision for this possibility, the same is likely to occur in Caroline County. Through ordinances and incentives, local governments can require an adequate portion of new residences be built as affordable housing.

9. Preserve the cultural and environmental assets in the county.

Caroline County is blessed with a variety of high quality natural and built assets. At a recent meeting of county and municipal public officials and citizens concerned about growth issues, participants were asked to identify their favorite places in county. (See Appendix G) The results revealed that about half of the most valued places were “built” – generally historical sites, museums, and attractive public buildings in the county’s municipalities, and half were “natural” – Tuckahoe State Park and Adkins Arboretum led that list. Planning for growth begins, we believe, with the identification of cultural and environmental assets as part of a vision for the future because if growth is unanticipated and unshaped, it will jeopardize those most valued assets.

10. Promote adequate public and private health care services.

Our focus group with Hispanic immigrants in Marydel (Appendix D) revealed a strong interest in improved health care services in Caroline County. Moreover, as the county’s population ages and retirees join the population influx, demand for health care services in the county is likely to increase significantly. While provision of health care is largely a private sector concern, local governments in the county can help plan for the land and infrastructure needed for increasing such services, perhaps to include a local hospital as population grows.

11. Provide an adequate level of public infrastructure assets – roads, water and sewer systems, school buildings, etc. – to support public services, based on local funding and on state and federal support.

Population growth will increase public revenues, primarily through the real property tax. Research suggests, however, that residential growth does not, per se, pay for the increased costs for public services; Although, as was mentioned previously, case-by-case analysis is needed to take into consideration the effects of composition and location. Excise taxes, such as the county employs, and impacts fees are often used to make up at least part of the difference between costs and revenues. Agreements with developers are also used to offset

costs for new infrastructure and increased public services. Infrastructure systems – such as water and sewer systems – may be clustered to minimize expenses; this is the essence of “smart growth.” Another important consideration is the pace of population growth. If the rate of growth is overly fast, it will overwhelm the capacity of roads, schools, fire protection and other facilities and services. The result is likely to be multiple and simultaneous increases in local government costs, what we term “bump-up” costs.

12. Build a finance and revenue system that is publicly acceptable and is an adequate response to citizen demands for public services.

Local governments in Caroline County and elsewhere seek a politically acceptable balance to satisfy citizen demands for public services, and citizen preferences for low taxes. Population growth in a rural county such as Caroline increases the amount of services demanded of local governments and often changes the mix of services demanded toward a more expensive “urban-like” combination. Moreover, to guide the location of growth away from farms and open space and toward existing towns will require the purchase of development rights – a cost that, if it were large enough to be effective, could be quite high. A key question is, “Who will pay for the additional costs to local governments?” The challenges are to develop equitable and reasonable local public policies that will have the following: (a) developers paying out of profits they receive for their services; (b) new home owners paying for additional costs they impose on public services; (c) existing property owners paying out of the increased value of their assets; and (d) the Federal and State of Maryland Governments assisting local communities impacted by growth.

As Caroline County’s community leaders and citizens engage in discussions about a vision for the future, we suggest the conversations include discussions of goals, beginning with those we have offered. To achieve the goals, policy strategies will be required of the county’s local governments.

Local Policy Strategies

Local public policies are the means by which Caroline County citizens can achieve their vision and goals. We believe well-accepted and effective public policies in anticipation of growth will rest on the foundation of a common vision and will “fill in” the framework provided by goals.

The committee has several local policy strategies to suggest. By “strategies” we mean general policy directions rather the specific policy proposals. In offering the strategies, we assume the ultimate common vision and goals will resemble those we present in this report; that is, a vision and related goals that anticipate and are proactive about population growth take into consideration opportunities as well as threats inherent in growth and seek to conserve and preserve the county’s sense of being “the quintessential rural place.”

Our objective in identifying policy strategies is to anticipate the concerns that will arise in discussions about a vision and goals. At this time, we offer strategies to be considered. Some of the strategies, however, are already being initiated by community leaders because they are not controversial and they seem to be the right things to do in anticipation of population growth. Others in our list are likely to be more controversial and will need to be examined closely by community leaders and citizens. The following list includes a set of strategies that we suggest should become part of the civic dialogue about growth. Research reports related to the strategies are provided in appendixes, as are noted in the list.

Strategy 1: Land Use

Once unity exists around a numerical population target (Goal #1) and the preferred location of new residences (Goal #2), a combination of land use policies should be developed to meet those goals. We emphasize the idea of a *combination of policies*, because in limiting population increase and guiding the location of new residences, the policies should also take into consideration the protection of land values (Goal #4) and the preservation of an economically viable farming sector (Goal #5). Based on those four goals, we offer the following strategy:

Create a combination of: (1) Transferable Development Rights (TDRs) or some other land-use preservation mechanism for transferring funds from new developments in receiving areas, i.e. towns, to purchase farmland and open space in the sending areas, i.e., the county; (2) a decrease in the zoning density for unincorporated county land; and (3) the establishment of greenbelts around existing towns.

TDRs require developers to purchase development rights from landowners whose property is located in “sending areas.” In the case of Caroline County, sending areas would be land outside of municipal boundaries or undeveloped land within municipal boundaries but inside a greenbelt that surrounds towns. Land in sending areas would remain as farms and open space. Developers would use the rights for building in “receiving areas,” primarily land within the built landscapes of the county’s municipalities. TDRs can be used also to create incentives for the development of affordable housing (Goal #8) and for the preservation and conservation of cultural and environmental assets (Goal #9). We expect TDRs would greatly assist in purchasing development rights from farmland owners. A primer on TDRs is found in Appendix I.

During committee meetings, a question arose as to whether towns would need to use a transfer mechanism other than TDRs. This question was not resolved. To be effective in its intent to preserve farmland and create greenbelts around towns, an alternative to the TDR mechanism would need to generate adequate funds for the purchase of development rights, without creating an undue role or unreasonable costs of administration by the county government. It seems essential, if progress is to be made, that the county and the municipalities work collaboratively in the development of a land preservation policy that provides mutual benefits, both short and long term, to all jurisdictions.

Decreasing zoning density, also known as “downzoning,” means reducing the number of new residential dwellings that may be built on county land. Current Caroline County zoning limits construction to one residential dwelling per 20 acres. We believe that done in concert with TDRs, downzoning can occur in Caroline County without jeopardizing landowners’ equity in their property. An economic analysis of downzoning and implications for land values can be found in Appendix J. We suggest, as a number for consideration, a change in Caroline County’s zoning ordinance from one dwelling per 20 acres to one per 40 acres. The intent of this strategy is to reduce new construction on farmland and open space while providing, through TDRs or some other mechanism, the ability of farmers to sell their development rights at a fair and reasonable price.

Greenbelts are open spaces that surround built landscapes and on which development may not occur because the right to develop has been purchased or because the land is owned outright by a government entity or a conservation organization. Greenbelts around existing towns in Caroline County would provide municipalities with the opportunity to expand until they reach the geographic size their citizens consider optimal, then to stop growing at that time. For example, one municipality in the county, Hillsboro, is already at what the town’s citizens consider its optimal geographic size. A greenbelt of land around Hillsboro would implement the citizens’ preference to retain their present size. The primary public policies leading toward the establishment of greenbelts are the following: (1) the creation of intergovernmental agreements (IGAs) between the county and municipal governments to coordinate comprehensive plans, zoning ordinances, and infrastructure investments (particularly roads and water and sewer systems); and (2) the use of TDRs or some other mechanism to purchase land or development rights. County and municipal authorities have begun working on IGAs. We believe IGAs will be achievable and sustainable to the extent they incorporate win-win outcomes for both sides of the negotiations. Once the county and municipalities are working in concert, they can partner in negotiating agreements to establish rights and responsibilities for developers and obtain the funds needed to preserve open space for greenbelts.

Strategy 2: Infrastructure and Costs

A primary reason for our suggestion to limit the population growth rate and to guide the location of new residences in Caroline County is to avoid multiple and simultaneous “bump-up costs” for infrastructure systems and school facilities that rapid growth would require. Nonetheless, growth will bring added costs, even though slower growth implies those costs can be better anticipated and more easily absorbed. To accomplish Goal #3, coordination of local services, Goal #7, high quality education, Goal #11, an acceptable level of public infrastructure, and Goal #12, an acceptable and adequate revenue system, will require vigilance and effort. Population growth can be expected to increase citizen demands and shift the mix for primary public services – particularly education, law enforcement and corrections, parks and recreation facilities, emergency services, and library services – to a more urban combination. Public officials will want to ensure that new development does not unduly increase tax burdens on existing property owners. Therefore, we suggest the following policy strategy:

The county and municipalities should: (1) monitor and, as warranted, make adjustments to increase yields from the county excise tax, municipal impact fees, and other sources of revenue tied to growth; (2) use creative DRR Agreements or some other transfer mechanism for sharing cost increases for public services, infrastructure, and land conservation; (3) use IGAs for coordinating planning, zoning, and development ordinances, and for minimizing costs for services through joint purchasing and other arrangements.

These policies will become increasingly important if, as we expect, the “Disparity Grant” from the State of Maryland is reduced because Caroline County becomes more affluent through population growth. Improved stormwater management infrastructure may also be required by state and federal Authorities. Again, the creation of IGAs between the county and municipal governments would provide an opportunity for the local governments to form partnerships for negotiating with developers over rights and responsibilities. Key to sustaining IGAs over time will be the “political will” of public officials and community leaders, backed by an informed and engaged public, all acting in support of a common vision for the future.

Strategy 3: Good Jobs for Young People

As mentioned previously, the combination of good education and employer demand for skilled workers is a key policy method to providing good job opportunities for young people – Goal #6. For a more detailed strategy we suggest the following:

Caroline County Government should work collaboratively with public and private partners, on a regional basis, to create mentoring, scholarship, and training opportunities in entrepreneurship and the vocational trades. In addition, the county and municipal governments should create a business environment to grow and attract innovative companies that pay higher than average wages. Lastly the local governments should help market and support local artisans, alternative and value-added agricultural enterprises, and craft businesses.

By way of comparison, consider that the “Handmade in North Carolina” brand has helped the Asheville, North Carolina region preserve and increase good paying jobs while retaining that community’s integrity and culture. Assisting the development of alternative and value-added agricultural enterprises would be an important way to take advantage of population growth while at the same time preserving the farming sector and assisting its entrepreneurs and employees. We suggest the county investigate the creation of a revolving loan fund for new agricultural enterprises, including requirements that loans be provided only for projects demonstrating detailed business plans with high probability for profitability; as a beginning amount, we suggest the county consider a fund of \$2 million.² Special attention

² Ohio State University Extension has published a fact sheet on a five-step process to establish a local revolving loan fund. The fact sheet can be viewed at the following website: <http://ohioline.osu.edu/cd-fact/1229.html>. Franklin County, Vermont has created a revolving loan fund for value-added agricultural enterprises, along with other business ventures; see the county’s website for the fund at the following URL: <http://www.fcfdc.com/revolving%20loan%20fund.htm>

should be focused also on technical education services: The need for new programs in masonry, plumbing, welding, and other well-paying trade jobs is recognized, but currently the capital and operating budgets to fund such programs and to add student enrollment are not available through the county.

Strategy 4: Funding School Facilities

Goal #7 – ensuring high quality public education – will become more challenging as the county attempts to provide, on a timely basis, adequate school facilities for more students. (The state formula for assisting counties with school construction funds requires evidence of overcrowding, thus making it difficult to prepare for growth.) By 2020, all of the county’s schools will be well over 40 years old. A modernization plan, consistent with the county’s debt capacity, is in place, beginning with Colonel Richardson Middle School this year. This plan would become much more complicated, however, if student population grows quickly; a potential conflict exists between the need for school renovation and the need for additional “seats” for more children. We are concerned, moreover, about the potential need for land acquisition, given that some schools in potential high growth areas of the county would be very difficult to expand where they are now situated. We suggest the following policy strategy to help meet this challenge:

The county, working with school authorities, should move quickly to decide what should be done to prepare school facilities for increases in student population.

Strategy 5: Affordable Housing

In their efforts to assist the supply of affordable housing for low and middle income earners (Goal #8) – what some have called “work force housing” – local governments in Caroline County can learn from policy strategies being used in other jurisdictions. We learned, for example, in Calvert County, Maryland that the local TDR program has been used successfully to create incentives for developers to provide affordable housing. (See Appendix H) Buncombe County, North Carolina rebates 1/2 the permit fees on homes that are built within the county that meet state building code and sell for \$135,000 or less.³ The land development code for Pinellas County, Florida includes a large set of incentives for builders of affordable housing:⁴

- Expedited permit processing
- Relief of impact and review fees
- Reduced parking requirements
- An allowance for housing in commercial zones

³ For more information on this policy option see use the following URL to access the Buncombe County website: <http://www.buncombecounty.org/governing/depts/Planning/housing.htm>

⁴ See <http://pinellascounty.org/Community/AffordableHousingGuides.pdf>

- Donation of publicly-owned land
- Identification of qualified renters and buyers
- Density bonuses
- Construction of accessory structures
- Reduced setbacks
- Street design modifications
- Zero lot lines

Other jurisdictions including Montgomery County, Maryland have implemented, successfully it seems, ordinances that mandate affordable housing by developers. Incentives and mandatory policy options need further investigation for their applicability to Caroline County.⁵ Meanwhile, we suggest implementing the following strategy:

Among those towns that seek growth and county government, design policies to create or increase incentives for, or to mandate the building of, affordable housing. While learning from others, use the design principles of creating policies that are sufficiently strong to get the desired results, are not overly burdensome for developers and builders, maintain the integrity of comprehensive plans and ordinances, are not too costly to administer, and are not an overly large drain to the public treasury.

Strategy 6: Preservation and Conservation of Cultural and Natural Assets

The preservation of cultural and environmental assets (Goal #9) begins with the identification of and sharing of knowledge about what those assets are. See Appendix G for the results of an exercise, by Caroline County citizens and town and county officials, to identify the qualities of life and places they most highly value in the county. Cultural assets include built landscapes, particularly historic and attractive buildings, museums, and historic sites. Environmental assets in Caroline include the quality of our ecosystem, and site specific assets such as state and municipal parks, working farm landscapes, other private open spaces, and our waterways – particularly the Choptank River. Because public access to waterways is very limited in the Mid-Shore Region and because creating a strong sense of place means creating opportunities for citizens to interact with landscape and each other, designing a policy for public access is important. We suggest the following strategy by Caroline County’s local governments to preserve cultural and environmental assets in a situation of increased population growth:

Local governments in the county should place increased emphases on and resources for formal and informal education methods to increase the

⁵ For an overview of mandatory affordable housing policies see Tustian, Richard. “Inclusionary Zoning: A Viable Solution to the Affordable Housing Crisis” at the following URL: <http://www.inhousing.org/NHC-Report/NHC-5.htm>

understanding of Caroline County Citizens, from young to old, about the cultural and environmental assets the county contains. The governments should, moreover, incorporate into comprehensive plans, zoning ordinances, and subdivision regulations, regulations and best management techniques and practices for protecting the local ecosystem and other natural and cultural assets from the detrimental effects of development. Last, they should leverage DRRs to acquire state and federal grants for community waterfront parks and access to waterways.

Strategy 7: Health Care Services

Even if the modest population growth target we suggest, 2% AAGR, is achieved, providing adequate private and public health care services (Goal #10) will become more challenging. Caroline County has good quality, but minimal health care resources to service a growing population. The influx of Hispanic people in northern Caroline is creating increased needs for health care. Moreover, the demographic bulge of “Baby Boomers” is beginning to enter the “senior phase” of life and thus will be requiring, increasingly, more health services in Caroline County and across the country. And a substantial portion of the new residents in Caroline County are likely to be “seniors.” Thus demand for out-patient health care, hospital, and urgent care services can be expected to increase significantly in Caroline County in the next decade. We suggest, therefore, the following policy strategy:

Local governments in the county should (1) plan for new health care facilities, particularly by identifying land and infrastructure investments that will be needed; (2) and work with the private sector individuals and organizations to implement the plans.

This effort will require the formation of another strategic planning committee, specifically focused on the health care issue and involving a combination and private stakeholders and public officials from the local and state levels of government.

Actions to Move Forward

Again, we call upon community leaders and citizens engage in a public dialogue to create a clear and common vision for the future of our county. The objectives of the dialogue, we believe, should be to help leaders and citizens clarify their interests, identify qualities of life and favorite places in Caroline County that they prefer to conserve and preserve, understand they have many interests in common, realize growth is, inherently, neither good nor evil, and establish objective criteria for effective growth policy decisions. Actions to move forward beyond the work of our committee will be challenging. We offer suggestions, thus, for collaboration and for particular settings in which our work may be extended.

Principles of Collaborative Problem Solving

The local governments of Caroline County – the ten municipalities and the county government – are making efforts to work together in anticipation of population growth. Working together has meant, for example, the county commissioners hosting a series of seven “Growth Summit Meetings,” which include municipal officials and citizens in sessions to learn about growth issues and to explore ways to collaborate. Individual towns and the county government are dialoging about memoranda of understanding and, eventually perhaps, will create IGAs to integrate land use policies. Town officials are advising the county on the creation of a West Caroline County Comprehensive Plan. And county planning officials are assisting towns by providing data and answering land-use questions posed by municipal governments.

Working together is not easy, however. Population growth issues charge the political climate, which is good for democratic involvement, but which raises the possibility of creating conflicts that seem never to end and “go nowhere good.” Another cause for difficult relations is that Maryland state laws send mixed messages about annexation and waster water authority. Thus the law also promotes a climate of conflict and current efforts, by some, to amend the laws in favor of municipalities or of counties make the climate even more adversarial. We suggest for this challenging situation that local officials use five tried-and-true principles for collaborative problem solving in the face of conflict.⁶ We believe these principles will help to reduce the risk that intergovernmental conflicts will overwhelm efforts to work together – a scenario that would foreshadow the eventual end of quintessential rural living in Caroline County. The principles follow:

1. **Respect others.** Citizens, community leaders, and local public officials all have essential roles in the public affairs of the county. Separate the people from the problem and let bygones be bygones for the future of the county.
2. **Distinguish between positions and interests.** Positions are the public stances people take about issues. Interests are people’s deeper values and hopes for the future. While on any

⁶ These principles draw on conflict resolution classes provided by the Institute for Governmental Service’s Maryland Academy for Excellence in Local Governance and class materials authored by Richard Alper, Nan Booth, Philip Favero, and Tom Reynolds.

given issue, positions may be in conflict, participants' interests, if they can be surfaced and shared, often prove to be similar or the same. Developing a common vision for the county would help people reveal their interests and, undoubtedly, learn that many of the interests are held in common.

3. **Realize that working together often increases opportunities for mutual gain.** Collaboration is not the same as compromise. Win-win solutions to problems are often possible. It is useful to frame issues in neutral ways, so as to orient people toward win-win solutions by using words such as, "How can we (accomplish X), while at the same time (accomplishing Y)?"
4. **Promote good communications.** Create effective dialogue by using open-ended questions, and active and reflective listening.
5. **Create mutual learning processes.** No one person has all the answers, or even all the questions. Population growth is not a single technical issue wherein the problem and policy options for solutions are clearly defined. Rather, growth is a large, complex set of problems, which are not clearly defined, nor are policy options for solving the problems. Working through the adaptation to growth process will necessarily require mutual learning and, if people approach it with open and willing minds, will undoubtedly be transformational for the county's leaders and citizens.

Extensions of Our Work

Ideas from this report should be extended to engage Caroline County citizens in conversations about growth. We have the following suggestions for doing that:

1. Involve the Growth Summit Meeting participants – county and municipal officials and community leaders – in examining, reacting to, and improving on our ideas.
2. Work with the press to gain publicity about the report.
3. Through the Caroline County Association of Municipalities, brief town officials about the ideas in the report.
4. Brief all county agency heads on the results of the committee's work.
5. Make the report available to citizens as a PDF file on the Caroline County "She's waiting for you" and on the Caroline County Public Library websites.
6. Make the report available to those citizens who participated in the mail survey.
7. Meet with community service organizations, particularly those that contributed to the committee's work, and present them with the results of the committee's work.

8. Meet with the Caroline County Farm Bureau to discuss the report.
9. Return to the people who participated in the focus group to report on the committee's conclusions.
10. Raise the ideas in the report in county and municipal elections.

We believe the last suggestion, to raise ideas in election contests about how to effectively adapt to and shape growth, is crucial to creating the political will for effective and sustainable growth management policies for Caroline County. We learned in our visit to Calvert County that a policy decision made some years ago by the County Commissioners there to resist appeals for zoning variances, which would have allowed strip development along highways, has become a significant value in the local political culture. Every candidate who campaigns for commissioner is asked for his or her position on the variance policy, and because it has such strong political support, no candidate opposes it (Appendix H). It would be marvelous if out of a dialogue over the next several years a clear and unified vision for Caroline County was developed, after which every candidate for local government office was asked for her or his position on that vision.

Appendix A

An Overview of the Strategic Planning Committee: Mission and Work

Charles Cawley, Caroline County Administrator, requested the staff assistance of the Institute for Governmental Service at the University of Maryland to design a process and convene a committee to plan for the future of local public services in the county. Committee members were chosen to represent key stakeholder groups, both public and private. County officials welcomed the participation of municipal government representatives on the committee. Private groups represented on the committee included farmers, other business people, those with environmental concerns, a diverse mix of ethnic groups, and newcomers as well as people who had lived in the county for generations. Public groups included the county, municipalities, and regional authorities with responsibilities for various services. Two other University of Maryland organizations, the Environmental Finance Center and Maryland Sea Grant, sent participant observers to the committee.

The committee, which met initially in July of 2004 and monthly until June of 2005, realized at the outset that planning for local public services meant foremost, anticipating and thinking strategically about population growth. To do so, the committee coordinated its activities with two parallel efforts – the West Caroline County Comprehensive Plan update and a series of gatherings called “Growth Summit Meetings” convened by the Caroline County Commissioners to create a dialogue with representatives of the county’s ten municipal governments.

The committee gathered information in several ways, including the following methods:

- Periodic briefings on population growth in Caroline County as provided by Betsey Krempasky, committee member and Director, Caroline County Department of Planning and Codes. (See, for example, Appendix B.)
- A written survey, sponsored by the county and municipal governments, mailed to a randomly selected set of real-property owners in the county, and provided, personally, to additional county citizens by committee members. Results of the survey are shown in Appendix C.
- A focus group interview of Hispanics living in Caroline County, as shown in Appendix D.
- A focus group and a personal interview of African-Americans living in Caroline County, as shown in Appendix E.
- A survey of high school youth, conducted by Nancy Gearhart, Ridgely Town Commissioner. Results of this study are provided in Appendix F.
- A group exercise on assets in Caroline County conducted with local public officials and citizens of the county on March 22, 2005. Results of the exercise are shown in Appendix G.

- A field-trip by committee members to Calvert County, Maryland, a rural jurisdiction which has been experiencing rapid population growth. A summary of the trip is shown in Appendix H.
- Informal discussions by committee members with county citizens and, of course, discussions during monthly committee meetings. During one of the committee meetings Milton Nagel, Director of Finance, and Alan Visintainer, consultant to the school system, assisted Dr. Ed Shirley, committee member and Superintendent of Schools for Caroline County, in presenting information about the budget for the Caroline County Board of Education.

Appendix B

Five Growth Scenarios for Caroline County in 2000-2005: Assumptions and Implications

County Total Population 2000 US census = 29,772

Scenario 1: High Growth - 3.2 % avg. annual growth rate – 2025 est. population 65,500

Town	2000	2025
Denton	2,960	20,000
Federalsburg	2,620	8,000
Greensboro	1,612	5,000
Hillsboro	163	163
Preston	566	1,500
Ridgely	1,352	5,000
North County 4	521	1,800
Total Population	9,844	41,463

- Development in unincorporated areas remains at historic levels of 135 net new homes per year. Only 2,700 of approximately 10,000 development rights would be utilized in the unincorporated area. Purchase and/or Transfer of Development Rights would be required.
- Water and wastewater treatment plants significantly expanded. (i.e. Denton plant capacity triples from current 800,000 gpd to 2,400,000 gpd.) Denton has already requested plant expansion to 3,200,000 gpd, new 200,000 gpd North County 4 plant is now in the planning stage, other towns have not requested increased capacity at this time.

Scenario 2: Planning Department’s “Most Likely” – 2.7% avg. annual growth rate – 2025 est. pop. 58,200

- Numerous variables used to establish this projection
- Demographic factors due to aging “Baby Boomer Generation” will become increasingly important after 2020

Scenario 3: Moderate Growth – 2.3% avg. annual growth rate – 2025 est. pop. 52,300

- 50 % increase in water and wastewater treatment plant capacity overall for towns
- 25 % reduction in average net new home construction in unincorporated areas from 135 to 100 new homes per year
- Expanded program to purchase and retire development rights required

Scenario 4: Low Growth – 1.5% avg. annual growth rate – 2025 est. pop. 43,200

- No increase in current WWTP capacity
- Total Town population does not exceed 20,000
- No major subdivisions (5 lots or more) in unincorporated areas. Average net new home construction in unincorporated areas decreases from 135 to 88 new homes per year
- Greatly expanded program to purchase and retire development rights required

Scenario 5: Historic Growth - 1 % avg. annual growth rate – 2025 est. pop. 38,200

- Major economic recession or disaster
- Major increase in agricultural products prices

Prepared by Betsey Krempasky
Caroline County Planning and Codes Administration
May 2005

Appendix C

Citizen Survey Results

Development of the Survey Instrument

The Caroline County Strategic Planning Committee, with assistance from facilitators Phil Favero and Monika Thompson, developed a survey to be completed by residents of Caroline County. The survey entitled “*Opinions on Growth, Change, and the Future*” was intended to provide a mechanism for members of the community to voice their opinion about change in the county and how best to adjust to it. The survey consisted of a total of eight questions, with the first four questions focusing on various aspects of growth and the future and the remaining four questions focusing on demographic characteristics.

Sample Selection

At the request of the Committee and the facilitators, the Caroline County Department of Planning & Codes Administration (Planning & Codes) generated a randomly selected sample of approximately 400 Caroline County residents. Planning & Codes utilized Maryland Property View (MPV) and State/County mapping software to generate the random mailing list and database. Maryland Property View is a product of the Maryland Department of Assessment and Taxation. MPV contains a database with relevant parcel data and property information for taxation and assessment purposes, including owner names and addresses.

Planning & Codes utilized the MPV database and ArcView – Geographic Information Systems (GIS), to extract five areas from each of the four County Planning Districts (20 areas total). The MPV database points were then layered on a county planning district map and random areas in each of the planning districts were isolated using a “GIS” Script Function.” From those random areas, database samples were extracted and exported from ArcView into a spreadsheet and converted into mailing labels.

Survey Mailing, Receipt, and Compilation of Results

The Institute for Governmental Service (IGS) at the University of Maryland managed the survey, including distribution, receipt of responses, and compilation of results. In mid-April 2005, a total of 360 surveys were sent to Caroline County residents. The mailing included a survey booklet with return envelop and a cover letter signed by Mr. John W. Cole, President, Caroline County Commissioners and Ms. Terry Fearins, Chair, Caroline County Association of Municipalities. Surveys were marked with a tracking number and the number crossed off the master list once the completed survey was received. Surveys were tracked by number only and not by name. All survey responses were held confidential as to the identity of the respondent. About one week later, 330 post cards were mailed to those residents that had not returned the survey. In mid-May, a duplicate survey was sent to remaining 234 residents who had not yet responded. After another reminder post card to 211 residents, the number of completed surveys totaled 188.

Survey Results

Of the 360 surveys mailed to Caroline County residents, 188 were completed and returned, representing a return rate of 52 percent. Following are the survey questions, a compilation of responses, and a list of the comments made by residents.

Committee members made the following observation concerning the sample (other specific comments are listed following the questions):

- 78% of the respondents are over the age of 45, compared to 47% of the population under the age of 34 as reported in Brief Facts.
- 66% of the respondents have lived in Caroline County more than 20 years.
- There are three distinct income groups: 11% have incomes up to \$25,000; 40% have incomes \$25,000 - \$65,000; and 49% have incomes over \$65,000. This compares to the per capita personal income in 2000 of nearly \$21,000, as reported in Brief Facts.
- 46% of the respondents do not live within a town boarder, compared with 66% as reported in Brief Facts.
- 99% of respondents are white, a rate higher than is true for the county population.
- The respondents, while representing an exceptional return rate, include an atypical and unique set of Caroline residents: older, town residents, and more affluent than the average Caroline county resident.

Question 1

Caroline County residents live either within the boundary of one of the county's ten towns or outside a town boundary in the county. Please indicate the location of your primary residence.

Location	Number of responses
Not Within a Town Boundary	87
Denton	24
Federalsburg	9
Goldsboro	7
Greensboro	19
Henderson	4
Hillsboro	7
Marydel	11
Preston	14
Ridgely	4
Templeville	2
TOTAL	188

Comments:

46% of the respondents do not live within a town boarder, compared with 66% as reported in Brief Facts.

Question 2

What three features do you like most about living in Caroline County?

Feature	#1	#2	#3
Relatively Safe Communities	70	--	--
Business Opportunities	3	3	--
Relatively Low Cost of Living	19	17	2
Employment Opportunities	--	--	--
Farming Landscapes	69	23	3
Historic Attractions	--	6	--
Unhurried Pace of Life	17	49	7
Parkland and Wildlife Preserves	2	14	3
Friendly People	2	33	26
Recreational Opportunities	--	4	--
Small Town and Rural Charm	2	29	61
Uncongested Traffic	3	2	49
Quality of Schools	--	3	11
Other – Is Home/Family	1	2	11

Comments:

Respondents like the safety and farm landscape, along with the unhurried pace, friendly people, small town charm, and lack of traffic.

Question 3

Opinions vary about what to expect over the next ten years as a result of population growth in the county. Please indicate the extent to which you agree or disagree with each of the following statements.

	Strongly Agree	Mildly Agree	Undecided/ Unsure	Mildly Disagree	Strongly Disagree
1. Employment opportunities will increase	15	31	22	17	2
2. Traffic congestion will increase	65	21	2	1	--
3. Racial and economic isolation will worsen	6	6	17	9	34
4. New business opportunities will emerge	16	33	10	5	1
5. The environment will be at greater risk	77	27	7	--	1
6. Changes will undermine the things that make the county an attractive and pleasant place to live	54	20	9	5	1

7. Housing developments will provide enough new property tax revenues to pay for their added public services	2	8	14	10	63
8. Newcomers will make the county more vibrant and active	2	14	14	30	48
9. New and traditional lifestyles will conflict	73	47	8	11	1
10. Young people will have more opportunities for remaining in the county	12	24	16	13	6
11. There will be more public and private resources for investing in our future	2	7	33	44	22
12. Public services will become more strained	46	39	6	3	2
13. Agriculture will be threatened or diminished	88	31	2	13	1
14. School quality will improve	--	7	22	26	45
15. Shopping and other services will be more available	30	24	10	7	22

Comments:

Of the two statements, two groups of statements tie together to show the feelings of the respondents:

Statements 2 (traffic congestion), 5 (environment), 7 (new property tax for public service), 11 (public/private investment) and 12 (strained public services) indicate a feeling that there will not be enough revenue to support the demands in increased traffic, environmental degradation, and affordable housing. These sentiments have a direct impact on how county revenue policies are determined.

Statements 6 (change undermines pleasant elements), 8 (newcomer vibrancy), 9 (conflicting lifestyles) and 13 (threatened agriculture) indicate that respondents are adverse to change, interested in maintaining the status quo, are not interested in cultural change and show a basic conservative approach to county population changes. This is consistent with the primary elements that the respondents like about Caroline County, although the “friendly people” aspect seems to apply to current residents more than new, incoming populations.

In addition, the respondents do not believe that the quality of Caroline County’s schools will increase as the population grows. This sentiment must be addressed directly and quickly by the Board of Education to forestall any lack of confidence in the school system. Families with children who may be deciding to move to Caroline County will count very heavily on the quality of schools in their decisions. Our schools should be palaces and entities of confidence.

Question 4

Caroline County government and the county's town governments are investigating options for taking advantage of new opportunities and for avoiding problems that could be created by change. Please indicate the extent to which you agree or disagree with each of the following options.

	Strongly Agree	Mildly Agree	Undecided/ Unsure	Mildly Disagree	Strongly Disagree
1. Reserve land and arrange new-home financing for low and moderate income families	35	26	14	27	32
2. Form a team among the county and town governments to share information and jointly plan for development	63	14	7	5	6
3. Encourage direct farmer-to-consumer marketing (farmers' markets) and encourage agricultural value-added enterprises.	82	32	6	12	14
4. Create a leadership coalition among businesses, civic, and government people	12	41	38	20	3
5. Aid the development of markets for local artists and artisans	20	36	10	24	13
6. Create a community loan fund for housing rehabilitation	29	34	26	15	9
7. Create a community loan fund for business start-ups	42	48	9	4	5
8. Provide an information package for people who are considering moving to Caroline about the cultural and natural resources of the area	14	20	37	49	47
9. Increase the development excise tax for new home construction	62	46	19	30	22
10. Encourage development that mix offices, shops, and homes	27	38	26	12	6
11. Increase funding for historic renovation and preservation	30	45	20	2	4
12. Provide additional resources for training and retraining of adult workers and entrepreneurs	45	39	15	13	9

Comments:

Clearly, statement 3 (farmer-to-consumer marketing and agricultural enterprises) is the preferred method for approaching new opportunities. The sentiment described by this preference is consistent with the agrarian sensibilities of the respondents as indicated in responses to prior questions.

Respondents support joint town/county cooperation (statement 2) and want developers to pay for home construction (statement 9).

Establishing loan funds for housing rehabilitation and business start-ups (statements 6 and 7) was moderately supported by the respondents.

Respondents were split nearly equally on reserving land and arranging new home financing for affordable housing (statement 1). This split is a serious concern for the county. Both reserving land and affordable housing are critical elements of a balanced and progressive development policy. County decision makers will have difficult choices to make in the near future on both of these topics. A broad view and forward-thinking must guide the choices that are made on this subject.

The responses to this question are consistent with the feeling expressed in previous questions. Respondents want to support an agricultural economy with development to be paid for by the developers.

Question 5

How many years have you lived in Caroline County?

Years	# of Responses
0-5	8
6-10	22
11-20	27
21-40	27
41-60	56
Over 60	32

Average number of years lived in Caroline county: 37 years

Longest lived in Caroline County: 95 years (one response)

Fewest years lived in Caroline County: 2 years (two responses)

Question 6

How old are you?

Years	Number of responses
15 – 19	--
20 – 24	--
25 – 34	8
35 – 44	28
45 – 54	34
55 – 64	41
65 - 74	30
over 75	24

Question 7

Which of the following categories best describes your racial or ethnic identification?

Race/Ethnicity	# of Responses
Black or African American	--
Hispanic or Latino	--
American Indian or Native Alaskan	--
Asian	--
Native Hawaiian or Pacific Islander	--
White	176
Other – Mixed	1

Question 8

Which of the following categories best describes your yearly total household income?

Household Income	Number of Responses
Less than \$10,000	5
\$10,000 – \$14,999	4
\$15,000 – \$24,999	8
\$25,000 – \$34,999	15
\$35,000 – \$44,999	18
\$45,000 – \$54,999	14
\$55,000 – \$64,999	16
\$65,000 – \$74,999	31
\$75,000 – \$84,999	9
\$85,000 – \$94,999	11
\$95,000 – \$104,999	6
\$105,00 and over	19

Comments:

- Impose an impact fee instead of an excise tax.
- Both town and county governments work closer together. Lets not have one government telling the other what to do.
- We are advocates of slow-growth and enjoy the small town advantages. It would be a crime to see it swept away.
- Town sewage treatment plants located near rivers dump treated raw sewage into the rivers. The more houses, the more sewage, which contains nutrients that go into the rivers.

- Agriculture is the #1 industry in the county, state, and nation. Agriculture must be preserved to maintain the county's culture, environment, and economy.
- The biggest problem as I see it is that with the development predicted there is an expected large increase in traffic congestion on routes such as 328 (New Bridge Road).
- We hate to see woodland destroyed! Wildlife, deer, rabbits, owls, etc. have lost a lot of their habitat.
- The Green Garden County should stay 'green' as much as possible.
- Increase land preservation. Funding to keep 'open' spaces, not rows of new homes.
- Agriculture should be a priority. Keep the farm youngsters on the farm and in Caroline County.
- I think developers should maintain the roads. I happen to live on a blue sign road. There are at least nine houses on the road. Our gas tax is not helping my road and all people can't chip in. So there is little to no maintenance of it. And it is bad. Who decides when it goes from green to blue (Brookwood Road).
- I think planned development with cooperation between town and county governments is the key to success on the shore. I also think we do need to preserve some of our agricultural lands to maintain the charm and atmosphere the people moving here are attracted to.
- You need to put a slower pace on all the outside developers, etc., who are putting up all these housing projects. It will not, is not going to be the Green Garden County anymore. You say its progress. I question that.
- Our family wants Caroline County to remain an agricultural mainstay. The new communities are an unnecessary eyesore and harken a change to the lifestyle of a farming community that we want to maintain. We commute three hours daily to our jobs in order to live here. We do NOT want to be forced out by rapid growth. We love our farm and are saddened and angered every time we see the neighboring farmland turned into mobile homes or other communities. That is why we left Anne Arundel County. Save our FARMS!!
- When others were moving to Queen Anne and Talbot we moved to Caroline because of its rural and quiet pace of life. This is now threatened. We see few advantages with development. One only needs to look at the western shore, Kent Island (Glen Burnie East), and the traffic woes of Easton to see if their lives are better because of development. We see one development after another coming to Caroline but not one new industrial park. We need more than Walmart jobs to support \$250,000 mortgages! This county also is unique in that it borders tax-free Delaware and is minutes from Dover. Businesses find it harder to compete. Why pay \$150 in sales tax to Maryland when you can buy your new bedroom set in Dover tax-free?

- Would like to see the estimates for additional educational resources as a result of the expected population increase. When will we outgrow our current schools?
- How will the additional public works maintenance be funded? How will road maintenance, water and sewer system maintenance be funded? How much will these departments need to grow as a result of existing annexations?
- When will the local fire departments need to expand and how will expansions be funded?
- Is there a plan being developed to handle the increase in traffic, which will prevent the problems currently experienced in Easton?
- Not everyone wants growth, but if there is to be growth it needs to be balanced and held in designated growth areas. The industrial/business should not overcome the residential and vice versa. Bedroom communities seldom support the community (as a whole) and those that buy expensive property and work on the western shore seldom participate in the local economy; they typically shop near where they work and participate in events near their old home. But they are high maintenance for the rest of the county for fire, garbage, sewer, and water resources. Ideally, homes should be for people who work where they live.

Affordable housing is the most serious need on the eastern shore of Maryland. It's expensive for the developer to downsize a lot and a house; it's a lose/lose situation. Why not delegate a certain percentage of each development as affordable housing (5-7% or whatever). Have the developer donate the property to the Habitat for Humanity and let them build the homes. The developer can select the lots and take a tax credit for donation. Tie the new homes to the Habitat homes to keep the developer on track and I bet if he wants to continue building there will be a lot of volunteers and donations to the Habitat. This is a win/win situation; the Habitat gets their lots, the developer gets the write off, and someone gets an affordable house, and the politicians get to cut the ribbon.

- Agriculture is already going the same way as the bay fishermen. What will save it is a higher price at the market. That won't happen when on a global market food can be produced at a lower cost. So housing here in Caroline County won't have the impact that some think it has. Except that some farmers will be tired of the struggle and will sell out for big money for their land.
- To grow in an environmentally conscience manner the county should plan to have qualified environmental review staff within the Planning and Zoning Office.
- A stronger emphasis is needed to encourage real estate developers to set aside land for preservation and nature.
- Housing development is out of control. Developers are going to destroy this county and they move on and leave us the mess. Caroline County is fast becoming a place to be from.

- Encourage new business such as Walmart, Home Depot, steak houses, to come to the county. More business the less we will have to travel for employment. Employment sucks in Caroline County.
- Stop the housing developments. We have more than we can adequately provide for the people. Taxes will increase dramatically. Traffic with red lights will be unbearable. It is probably too late to stop the destruction of our way of life.
- Towns and the county need to work together to develop the infrastructure before development. Slow down, make sure things are in place first and can handle the growth (i.e., sewer, water, schools, parks, etc.) I can remember when NO ONE wanted to come to Denton and Caroline County. It was not considered 2nd class, it was considered no class. Having come from the Western Shore (Montgomery County) after college I hope our county leaders will not follow in their footsteps.
- It is a shame to see the Eastern Shore being destroyed by having developments. Everywhere you go, from the Bay Bridge to Ocean City, farm land is being sold and developed into another housing community. Soon there will be no farms and no affordable housing for the “locals”. Who can afford these homes being built today? Jobs on the shore will not begin to pay for them.
- Traffic is another nuisance on the shore. Annapolis does everything it can to get the beachgoers to the beach while they inconvenience the people who live on the shore. On the weekends Eastern shore people had better just plan on staying home, unless they like traffic backups. Annapolis needs to build another Bay Bridge on Kent Island (10 lanes each way) and build another one that crosses over into Dorchester County (10 lanes each way).
- Also look at all the Mexicans in our community. Do they have their legal papers? Look at how the government caters to them, in school and elsewhere. English used to be the main language in America. Not so anymore. People from the Western Shore move to the Eastern Shore, then they get into public offices and make changes to suit themselves (changing the “old” Eastern Shore ways).
- Another thing, it seems like when the county has a hearing that is open to the public, example, a new 10,000 home development, no matter how many people are against it, the county still does what it wants to do. (They see dollars that will come into their hands to waste).
- And last, but not least, American factories need to return to America. It is so sad they have all gone across the borders and to China.
- Less government interference in our public and private life.
- More up-scale housing! No more low-income!!

- Because the municipalities and county government are beginning to work together, we have an opportunity to develop in a manner that will enhance our rural small town charm and keep the county 'green.' County and municipal agencies partnering with the great core of volunteers here in Caroline County will keep us on the right track. We are unique in that at most meetings we all know each other, we can keep it that way by not worrying about the 'newcomers' taking over, but by making them 'one of us.'
- I believe the towns and county need to grow economically at a slow pace; bringing new businesses that will offer upper end housing so can keep these employees living and paying Caroline county taxes. I do not want to see substantial farm land turned into housing developments. I do not want to see our current quality of life go down hill. It is precious to keep our laid back slower paced life style. I don't want and we don't need outsiders coming in telling us what we can and can't do; we have lived here all of our lives and realizing some change and growth is inevitable and a good thing. Don't grow too fast. Protect our environment at all costs and make these developers pay their fair share for county services. Don't let us grow too fast.
- I feel that more money should be going to the buses so people can go to where they are going and come home when they are done instead of sitting around all day.
- We moved to Preston because of its small-town charm. In the last five years traffic has gotten so bad it is often extremely difficult to get out of our driveway (we live on Main Street). With the building of 42 new homes, Preston is rapidly losing its small town appeal. We would probably move if housing were more affordable.
- What really concerns us in Caroline County is the high real estate tax compared to other counties. For people living on a fixed income combined with the cost of health insurance, without being on Medicaid, there should be some relief for senior citizens in Caroline County. Respectfully signed, (Name withheld to ensure confidentiality).
- I think this is a good idea and it will help planning for the future. With all the new housing being built these people are going to add to the community and where are the services going to come from. Can little Caroline county accommodate them? Also I think they are going to ruin the farming community especially the broiler industry. They won't like the odors, etc. They should investigate the area first before they move over here. (The ones from the Western Shore.) My opinion is: Stay on the Western Shore and leave our little quiet communities alone.
- 1. Traffic is getting worse. 2. We are going to have the same problem as Centerville. 3. Our public services – police department, churches, schools – are too small and crowded. 4. We are going to lose our small town charm.
- 1. Caroline County is large enough for both growth and agriculture. 2. The quality of teachers in the Denton area need much improvement!

- 1. Before a town has new development, water and sewer should be incorporated. 2. Towns should have police departments.
- Caroline County and some parts of the Eastern Shore are bedroom communities, lots of commuters. How are they going to change that?
- Thanks for sending this survey; it makes me think about what I can do to help Caroline County. I would love to help save historical and natural sites. *Volunteering to help the county, how do I do this?*
We moved to Caroline County from Montgomery County thinking the taxes would be lower, but find things are as expensive here as there. We pay more taxes on seven acres than our neighbors pay for 90 acres. We feel that after you reach 70 years of age and are on a fixed income your taxes should be reduced. The farm across the road from us, when they had water problems they cut a ditch under the road so the water drains onto our property. The state did this so there are a few things that are not so great in Caroline County.
- Ryan Homes is building a large number of homes in the town of Preston. I don't think it was properly thought out. I think they should have considered the amount of traffic that would be coming through Rt. 331 and Main Street. In Preston, that is a small road that I am not sure it will be able to hold the increased traffic. Also, the water and septic systems should have been considered; I don't think they are adequate to handle the new housing. I feel that the town just saw dollar signs and did not consider the dollars that it would take to accommodate the new housing. Change is always going to happen, but in the small towns it should be on the conservative side to maintain the small town charm. I think Preston will lose that with all the new housing.
- We are pleased to see Caroline County diversifying its population. We are concerned with the schools becoming overcrowded with no new money being allocated to school additions/construction. We would like for more services to be offered bilingually to accommodate our incoming Hispanic population.
- I don't like the rapid growth and high prices of real estate in Caroline county. The rural charm of Caroline County that I grew up with is fading away with all the new developments and new people. I wonder how the children of all the 'native' Caroline County people who have lived here for many generations will ever compete with all the new influx of outsiders in buying property/homes for their eventual families.
- Caroline County needs to examine their growth policies and employees. It is very difficult to obtain information regarding new construction, perc tests and other related issues. There is too much control at a level that should just be enforcing regulations. Growth is a part of our future so we must put committees of people together to help and organize it. It is one of the highest counties to live in. The low to middle income family is having difficulty obtaining housing because of the prices. There needs to be some allowance and help for these people. If you are a developer in the county things are much easier than as an individual! This is not fair to the residents. (I have experienced all of this in the county!)

- The county government is too late to control growth; they should have been updating the comp plan and zoning five years ago. The county does not seem to have a certified professional planner on staff. This county is ripe for the picking by large developers who hire the best land use attorneys. County Commissioners have ignored growth for years and now they are going to pay the price. The critical area is the north part of the county, which is within the commuting distance of both Dover and the Western Shore. We will duplicate what is happening in Queen Anne's County.

Appendix D

Focus Group Interview with a Hispanic-Youth Group:^{*}

On Sunday, April 24, 2005 Father Chris LaBarge convened the Hispanic Youth Group of the Immaculate Conception Catholic Church in Marydel, Maryland to participate in a focus group interview. Vicky Carrasco, University of Maryland Sea Grant Specialist for Coastal Communities and Philip Favero, Senior Consultant, Booth and Favero, with the assistance of Father LaBarge, conducted the interview. Sixteen young men and two young women participated in the focus group. According to Father LaBarge, most Hispanics in the youth group are from Guatemala and a few are from Mexico. Many of the females Hispanics in the parish speak a Mayan Dialect, but not Spanish. The interview was conducted in Spanish, with Ms. Carrasco and Father LaBarge providing translation of questions from English to Spanish and answers from Spanish back to English.

Prior to the interview, Carrasco and Favero toured the trailer park near to Marydel where many of the Hispanic families who live in the Northern Area of Caroline County reside. According to Father LaBarge, there are 100 trailer homes are in the park, 98 of which are occupied by Hispanic families. The near complete homogeneity of Hispanics in the park follows a time when the community contained people of mixed ethnicity. The common belief among people in Marydel, according to Father LaBarge, is that the shift toward a nearly-all Hispanic park has significantly lowered the use of drugs, the crime rate, and the risk to non-residents of entering the place.

Questions and answers from the interview follow:

1. What about Caroline County attracted you to this place?

In general, the answer was “work.” Participants have been living in the county for a period of from one to eight years; most have lived here about two or three years. Participants work in various places, mostly outside of the county at locations in Maryland and Delaware. Work in Chestertown, Maryland draws the largest number of participants. One participant drives across the Bay Bridge to work in Annapolis and another works in Pasadena, north of Annapolis. Participants also mentioned that family ties were another reason bringing them to Caroline County.

2. What qualities of life in Caroline County do you most value and what places are your favorites?

Participants indicated a deep love for their families, their friends, and their church – where they enjoy many activities, including soccer games on Sunday afternoons. They also enjoy natural areas for recreation, particularly, Tuckahoe State Park in Caroline County, Silver Lake in Delaware, and Ocean City, Maryland.

^{*} Father Chris LaBarge reviewed this document, as did Vicky Carrasco, who added several points to the record.

3. What government services have been most useful to you, your family, and your friends?

The group indicated a low level of awareness about government services. They did, however, identify several public services that they felt were useful:

- “Even Start Program”;
- Migrant education in the summer time;
- Health clinic in Goldsboro;
- Governor’s “Well Mobile” (although this vehicle has not been to Marydel for about 18 months);
- Public transportation (although this service, they believe, does not meet their needs in the Marydel area);
- English classes (although they wanted more of these).

4. Are there ways that government could be more helpful to you and your family?

Respondents replied to this question by talking about the trailer park. They said the owners of the park arbitrarily and capriciously increase their bills for water services, but that water supplies are meager and unreliable.

The group also mentioned their interest in obtaining affordable housing. Father LaBarge noted that some in the group had been misled, without obtaining signed contracts, into thinking they were buying homes when they were not. He has begun advising the group to obtain legal counsel before making any purchase of real property.

Other expressed needs were the following: (1) a health clinic/nurse for the community; (2) and diverse transportation modes that facilitate commuting to work.

5. For how long do you expect to live in Caroline County?

Almost everyone in the group indicated an interest in living in the county for about two to three more years. Father LaBarge noted that although they may return to their homes in Guatemala or Mexico to invest their earnings, most return again for the work that America provides. He said that when they bring their spouses and children back with them, they intend to stay in this country.

The interview ended with a request by participants for a return visit and report when the Caroline County Strategic Plan is done – to which the interviewers agreed – and with expressions of appreciation from Vicky Carrasco, Father LaBarge, and Philip Favero.

Appendix E

Focus-Group Interview and Personal Interview with African-American Groups

In an effort to broaden the diversity of information from local citizens about the future of Caroline County, African-American citizens of the county participated in focus-group and personal interviews. On June 21 eleven citizens of Denton, ranging in age from early teens to sixty-something, dialogued about the county and their town. On June 28, two people, both senior citizens, provided a personal interview about the county and their unincorporated community of Jonestown. Denton participants were members of the town's "Helping Hands" organization. Jonestown participants were leaders in the local nonprofit organization that is seeking improvements in their community of 55 households.

Philip Favero conducted both interviews, with assistance from Terry Fearins in Denton and AnnaNoelle Favero in Jonestown, using a four-question format. Favero began the interviews by asking participants to assume they were hosting a family that had not visited Caroline County previously. Favero asked, further, that participants assume the family included two parents and two children, a boy and a girl, and that the visitors knew very little about life in the Caroline County. The questions and answers follow:

What would you tell the visiting family members about the qualities of life in your community and in Caroline County?

Denton

- Wages are low and jobs are hard to find – particularly for young workers.
- Recreational opportunities exist but have decreased as the quality of the environment (for fishing) has declined.
- For young people, the place is boring. Lacking, for example, are a movie theatre, bowling alley, and skating rink.
- Public transportation is not good in that routes are restricted and it takes many hours to reach and return from nearby destinations such as Easton.
- Churches in Denton are strong.
- The Denton Police Department has new facilities.

Jonestown

- Jonestown has a unique history, including experiences with the Underground Railroad.
- Our community lacks the basic services of a central water supply and waste-water disposal systems.
- We believe we have lost some of the "niceness" of previous years when our community was safer and people looked out for the children of other families.
- We are, however, united in seeking improved services and a higher quality of life.

What favorite local places would you show the family?

Denton

- Museum of Rural Life
- Choptank River Waterfront: “It’s pretty and relaxing”
- Churches
- Schools (including Chesapeake College)
- State and municipal parks

Jonestown

- Our two churches
- Room we have for additional development

With which government services would you tell the family you are most happy and with which are you least happy?

Denton

- Local public schools are good, but they lack modern facilities for training in the vocational trades.
- Local health care, particularly for acute and emergency services, is not adequate.
- Fire services are sometimes not very timely because volunteers must leave their places of work and homes to respond to emergencies.

Jonestown

- We are happy with county housing services.
- We also appreciate the assistance of the County Department of Planning and Codes in work in infrastructure improvements.
- Public safety services are “not bad,” but “not where we want them to be.”

The population of Caroline County is expected to grow rapidly in the next 20 years. What opportunities and threats would you tell the family are likely to be created by rapid population growth?

Denton

- Growth could bring more affordable housing, but the evidence to date is that the new homes are not affordable for local residents.

- Growth could also bring more recreational opportunities for youth and resources for senior citizens.
- New opportunities will be created by growth, but it will be up to individuals to decide for themselves how they will take advantage of the opportunities and what they will do to benefit themselves and their community.

Jonestown

- We are working to anticipate growth by creating a nonprofit organization for our community to obtain systems for water supply and waste-water disposal. We expect that with those systems we will become a more attractive location for new development.

Appendix F

A Survey of High School Youth

In the Spring of 2005, Nancy Gearhart, Commission Member, Town of Ridgely, conducted a survey of North Carolina High School juniors and seniors. Ms. Gearhart asked the high school youth **“What do teens think about living in Caroline County and what do they see in its future?”** Ms. Gearhart began with a census of all members of the junior and senior classes, obtained 300 responses from students, and randomly chose 150 responses to compile the results of her survey. A summary of the results follows:

Growth in Caroline County and Its Municipalities by Nancy Gearhart

Do you live in a town?

46% live in a town; 54% do not

What town do you live in or is the nearest town to you?

Ridgely – 28%; Denton – 28%; Greensboro – 25%; Goldsboro – 6%;
Henderson – 4%; Marydel – 3%; Federalsburg – 2%; Preston – 2%; Hillsboro – 2%

After graduating from high school, do you plan to get a job, join the military, go to a vocational school or go to college?

College – 63%; Job – 26%; Military – 7%; Vocational school – 4%

After high school, do you plan to continue living at home with your parents or moving out?

Move out – 74%; Continue living with parents – 26%

Do you plan to seek your career employment in this area and live in Caroline County?

No – 68%; Yes – 32%

If your answer to question 5 is “yes,” would you like to live in a town in Caroline County or outside of a town? Which town?

26% in town (Ridgely – 11%; Denton – 9%; Greensboro – 2%; Federalsburg – 2%; Preston – 2%)

74% outside of a town (Denton – 19%; Ridgely – 13%; Greensboro – 4%; Federalsburg – 4%; Goldsboro – 4%)

30% out in county not near in town

If your answer to number 5 is “no,” why?

Lack of employment opportunity – 29%; have other destination planned – 19%; need a change – 18%; boring – 16%; too much development, lack of open space – 12%; poor quality education – 2%; too country – 2%; too small – 2%

What type of employment will you be seeking and at what salary?

Business – 17%; Medical – 12%; Construction – 11%; Agriculture – 11%; Cosmetology – 11%; Education – 9%; Auto mechanic – 7%; Veterinarian – 5%; Science – 4%; Music – 3%; Real estate – 2%; the following were less than 1%: Law enforcement, Attorney, Sports, Department of Natural Resources, Chef, Actor, Daycare, Rapper, Trucker.

If the type of employment you are seeking is available at the salary you desire, will you consider staying in this area?

Yes – 67%; No – 22%; Undecided – 11%

Do the employed members of your household work in this area? If not, what area do they travel for employment?

Local – 40%; Travel to work – 60% (Western Shore – 27%; Easton – 12%; Queen Anne’s – 8%; Kent Island area – 7%; Dover, Delaware – 6%)

Do you plan on renting an apartment, townhouse, or house?

Apartment – 66%; House – 24%; Townhouse – 10%

If you plan on buying a home, at what age?

Age 18-21 – 14%
22-25 – 67%
26-30 – 14%
when married – 5%

If you plan on buying, will your first purchased home be single-family house, townhouse, or condominium?

House – 90%; Townhouse – 6%; Condominium – 4%

How long have you been a resident of Caroline County?

0-5 years – 14%
6-10 years – 20%
11-15 years – 20%
16-18 years – 46%

If you moved here from another area, where did you move from?

Kent Island – 14%; Glen Burnie – 14%; Baltimore – 10%; Anne Arundel County – 10%; New York – 8%; Talbot County – 8%; Delaware – 6%; Prince George’s County – 6%; Florida, New Jersey, North Carolina, Dorchester County, Kent County – 4% each; Silver Spring and Waldorf – 2% each.

What do you like most about the town you currently live in?

25% - social environment (know everybody, friendly, respectable); 22% - quiet, peaceful, private; 15% - nothing; 12% - space, farmland; 8% - family; 3% - four-wheeling; 2% - low crime; 2% - fast food; 1% each – skate park, park, river, back roads, fire department, K.C. Deli, hair salon, underage drinking, few cops, gas prices.

What do you like the least about the town you live in or near?

39% - nothing to do, boring; 12% - the people (know everyone's business, negative attitudes, prejudice); 11% - growth and development; 9% - location (distance to shopping, hospitals, recreation, jobs); 7% - everything; 6% - too small and country; 5% - drugs and crime; 4% - too many people; 3% - cops; 1% each – trashy, no fast food, mail service, beach traffic.

What do you like most about Caroline County?

25% - people (friendly, know everybody); 17% - nothing; 16% - space and farmland; 14% - quiet and small; 4% - location (close to a lot of things); 2% each – good schools, job opportunities, manure odor, back roads, four wheeling, fishing, skate park, everything; 1% each – firehouse dances, hang-outs, parades, red necks, underage drinking, loud trucks, McDonald's, my house.

What do you like the least about Caroline County?

31% - nothing to do; 16% - people (noisy, discrimination); 10% - development; 10% - everything; 6% - distance to shopping; 6% - small; 5% - crowded; 4% - employment opportunities; 4% - employment opportunities; 4% - crime, drugs, teen smoking; 2% - police; 1% each – too country, poor, schools, environment, trashiness, love it.

What suggestions do you have that would make your town or county a better place to live?

20% - teen centers and activities; 13% - slow development and sprawl; 12% - more stores, mall; 9% - bowling alley; 9% - movie theater; 6% - better jobs; 4% - more restaurants; 4% - better people (respectful, educated); 3% - more recreation; 2% each – clean up, arcades, better roads, keep our money here and stop outsiders from using up our resources; 1% each – better schools, skate rink, more people, cheaper farmland for farmers, more gas stations, less drugs and drinking, more cops, less cops, better judicial system, increase speed limit, make everybody work.

Do you think growth in our towns and county is a good thing?

Yes – 33%; No – 58%; Undecided – 9%

How big do you think your town or town nearest you should grow in the next ten years?

A lot – 35%; Not Much – 24%; None – 33%; Undecided – 8%

What services will need to be increased or added to accommodate future growth?

21% - Shopping; 14% - entertainment (movies, bowling, skate parks); 9% - restaurants; 8% - schools and teachers; 7% - teen centers and activities; 6% - utilities (water/sewer, electric); 5% - recreation; 4% - police and jails; 3% - social services (welfare, financial support, programs, health department); 3% - businesses; 3% - food stores; 2% each – hospitals, gas stations, buses and taxi's, construction, increase everything; 1% each – churches, county employees, banks, technology, garbage disposal, nothing.

Appendix G

Community Assets in Caroline County: Qualities of Life and Favorite Places

When communities consider, in response to expected population growth, policies to shape their future, an important preliminary question is: “**What do we most want to conserve and protect?**” At their second Caroline County Growth Summit Meeting on March 22, 2005, twenty-six participants – who included county commissioners, county appointed officials, municipal officials, and citizens – provided ideas for how to answer this question. They did so by imagining they expected a family to visit the county for the first time and stay at their home. Then they wrote the three qualities of life they most valued in Caroline County, about which they would tell with their visitors. And they noted the three destinations that are their favorite places in the county, where they would take the family to visit. A summary of answers provided by participants, clustered into categories of responses follows.

“What Three Qualities of Life do You Most Value In Caroline County?”

1. **Personal Relationships (16)**

Agricultural community; Caring community; Community togetherness; Family and friends nearby; Friendly; Friendly atmosphere; Friendly atmosphere; Friendly people; Knowing people personally from all over county; People I grew up with; People in the towns; People know each other – high level of volunteerism and caring; Sense of pride in communities – good place to raise a family; Small towns, close-knit communities, know most people; Small town feeling – quaintness; Unpretentious people

2. **Access to Nature (10)**

Access to water and good fishing; Being able to see the night sky Choptank River – our waterways; Clean air quality; Lots of open space, farmland vistas; Natural/scenic areas in every direction from home; Open Space; Parklands availability; Rural farmland, forests; Wildlife

3. **Small Town and Rural “Feel” (8)**

Rural area; Rural surroundings; Slow pace; Small town atmosphere; Small town living; Small town villages; Uncrowded; Waterfront towns

4. **Governance (4)**

Ability to impact decision making; State roads are snow plowed well; Willingness of citizens to participate; Working with agencies all over county

5. **History and Heritage (4)**

Heritage; Love of heritage; Pride in social and family heritage; Unique history

6. Market Access (4)

Close to Delaware; Close to Delaware (no sales tax); Convenient shopping within 15 minutes from home; In town shopping and country living

7. Safety (4)

For most part, very safe; Safe; Safety; Security – knowing neighbors

8. Transportation (4)

Ease of travel to amenities; Freedom of travel – traffic; Reasonable commute to good jobs; Relatively safe driving

9. Agriculture (3)

Agriculture; Farmland; Healthy farm economy

10. Schools (3)

Good public schools; School system; Great schools

11. Entertainment (1)

Entertainment – Thresher Men’s Show

12. Simplicity (1)

Simplicity

“What are your Three Most Favored Places in Caroline County?”

1. Denton Town Area (18)

- Denton (3)
- Museum of Rural Life (3)
- Downtown Shops (2)
- Library (2)
- Courthouse/Jail/Library (1)
- Court House Green (1)
- Anderson Town Office (1)
- Corner Café (1)
- Market Street Café (1)
- Old Harford Museum (1)
- Streetscapes (1)
- Summerfest (1)
- Waterfront (1)

2. Tuckahoe Creek Watershed Area (17)

- Tuckahoe State Park (9)
- Adkins Arboretum (5)
- Tuckahoe Watershed (1)
- Tuckahoe Neck – site of home farm (1)
- Tuckahoe Road (1)

- 3. Martinak State Park (6)**
- 4. Choptank River (4)**
 - Choptank River (3)
 - Choptank Waterways (1)
- 5. Farmland and Open Spaces (4)**
- 6. Federalsburg Area (4)**
 - Federalsburg (2)
 - Hike Bike Nature Trail (1)
 - Marshyhope Greenway Park (1)
- 7. Ridgely Area (4)**
 - Ridgely (2)
 - Strawberry Festival (1)
 - Humane Society (1)
- 8. 4-H and Youth Park (2)**
- 9. Greensboro Park (2)**
- 10. Linchester Mill (2)**
- 11. County Parks (1)**
- 12. First District (1)**
- 13. Gilpin's Point (1)**
- 14. Historic Locations (1)**
- 15. Large yards around homes (1)**
- 16. Marydel (1)**
- 17. My small church (1)**
- 18. Underground RR Route (1)**

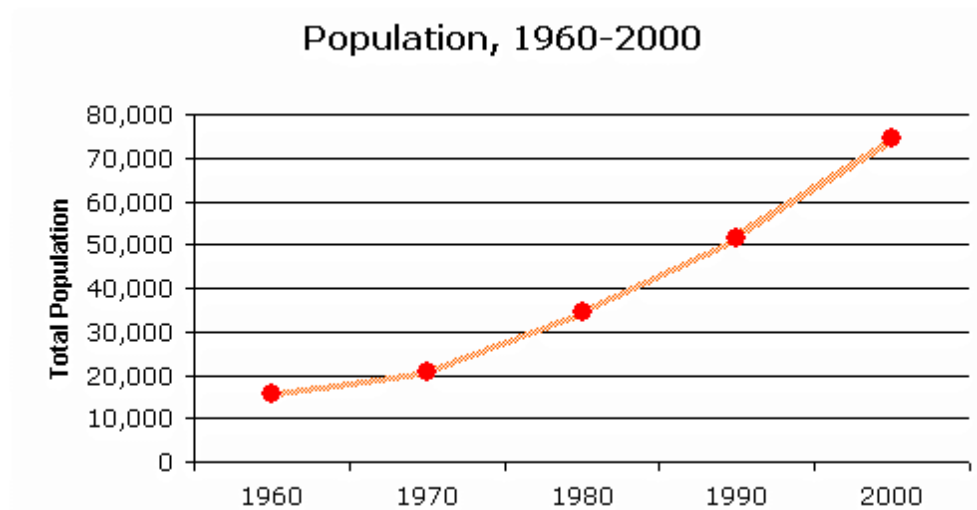
Appendix H

A Field Visit to Calvert County, Maryland and a Debriefing Afterward

Calvert County is located southeast of and within commuting distance from Washington, D.C. As illustrated in the graph below, the county's population has increased at a rapid rate, from less than 20,000 people in 1960 to more than 70,000 in 2000. Yet, the lower two thirds area of the county remains very rural in its appearance and "feel."

Calvert County

Population Growth



Source: U.S. Census Bureau

On December 17, 2004 five members of the strategic planning committee traveled to Calvert County to meet with officials there from the Planning and Zoning Department and Finance and Budget Office. The purpose of the meeting was to discuss Calvert County's experiences with population growth.

The committee gathered several ideas about Calvert County's vision, policies, participation by community groups, and planning processes. A brief summary of those ideas follows:

- Calvert County has decided to "limit" its population growth, if possible, to about 100,000 people.
- After deciding that strip commercial development in the northern third of Calvert was undesirable and unwanted in the lower portion of the jurisdiction, county leaders begin to

resist granting zoning variances for commercial development along roads. This policy resulted, in the beginning, in many denials of requests for variances; now it has become generally accepted and every candidate for the County Commission, from both major political parties, includes it as a plank in his/her campaign platform.

- Greenbelts, created by public ownership and by sale of development rights, have been created (almost entirely) around both of the county's municipalities – Chesapeake Beach and North Beach.
- The County has three growth centers: (1) one in the north, which has been extensively developed; (2) the second at Prince Frederick, the unincorporated county seat in the mid section of the jurisdiction; (3) and the third in the south at Solomon's Island, which is also unincorporated.
- The agricultural community is very active in seeking purchase of development easements and taking other actions to preserve farm land.
- There are several land conservancy groups – one of which is comprised primarily of major farmers – whose roles are to: (1) “sniff out” impending sales of farms and open space; (2) purchase land or development rights by tapping, if needed, a county revolving loan for that purpose; (3) and create protected areas in parts of the county.
- Transferable development rights (TDRs), with designated “receiving” and “sending areas” for development, are used extensively. Preferred developments such as affordable and senior housing require fewer TDRs than do other types of development.
- The planning department has made good use of three kinds of group processes: (1) It identifies and involves in major decisions – as a standard, ongoing practice – leaders of every major stakeholder group in the county with an interest in land use; (2) It convened a workshop, about 15 years ago, of county commissioners and other public officials to consider what the county's land use policy options were and what the consequences of choosing options would be for different groups of people in the county; (3) It also convened a public meeting, sometime in the 1980s, to obtain, from key stakeholder groups and citizens, their preferences about the future of land use in the county.

At a meeting on January 18, 2005 to debrief the results of the Calvert County trip, the committee discussed the meaning and relevance to Caroline County of what was learned in Calvert. Particular topics of discussion were as follows:

- The need to think through “build-out issues” for Caroline. Key questions are as follows: Is there a preferred number of residents? Where should they live? What services would they need? How would those services be financed? What should the county's policy be toward different types of development, such as affordable housing and housing for senior citizens? Based on the Calvert model, what role should TDRs play in implementing public preferences and how should the TDR policy be designed?

- The need for intergovernmental agreements about growth, based on common interests, between the county and its ten municipalities.
- The need for a common preferred vision for the future of the county.

Appendix I

A Primer on Transferable Development Rights

This primer contains three articles, all found on the World Wide Web. The first is a fact sheet by Timothy J. Lawrence who, when he wrote the paper in 1998, was located at Ohio State University. Lawrence provides a balanced introduction to transferable development rights – their meaning, uses, features, and history.

The second article, by John W. Bredlin, a land use attorney, is an excerpt of a paper the author delivered to the American Planning Association's National Planning Conference of 2000. Bredlin suggests a list of basic elements required of successful TDR Programs. The complete paper also includes a model statute for local governments. Note that Bredlin assumes a TDR program in one jurisdiction, rather than across jurisdictions as would need to be the case for Caroline County.

In the third article, Robert Lane summarizes comments made at a conference on TDR programs hosted by the Lincoln Land Institute. The summary provides a realistic, "warts and all," perspective on TDRs. As such, this article offers Carline County community leaders a view of both the opportunities and challenges posed by a TDR policy strategy.

For those who want to learn more about TDRs, including additional suggestions for how to start a program, a good and recent publication which was too long for this appendix is: Hanly-Forde, Jason, et al. "Transfer of Development Rights Programs: Using the Market for Compensation and Preservation." The authors published their report at the Department of City and Regional Planning, Cornell Cooperative Extension, Cornell University in January of 2005. It may be found on the web at the following URL:

<http://government.cce.cornell.edu/doc/pdf/Transfer%20of%20development%20rights.pdf>

Transfer of Development Rights

by Timothy J. Lawrence

Current concern over the rapid and increasing loss of farm land has led to explorations of ways to protect our valuable land resources. One of several options being considered is called the transfer of development rights (TDR). Transfer of development rights refers to a method for protecting land by transferring the "rights to develop" from one area and giving them to another. What is actually occurring is a consensus to place conservation easements on property in agricultural areas while allowing for an increase in development densities or "bonuses" in other areas that are being developed. The costs of purchasing the easements are recovered from the developers who receive the building bonus.

The transfer of development rights is not a new concept. TDRs have been used in other areas of the country for the preservation or protection of open space, natural resources, farmland, and urban areas of historical importance. TDRs also have been used to secure land for solid waste facilities and for the protection of golf courses. More than 20 states have enacted or amended statutes accommodating the TDR concept. Currently, seven states have

TDR statutes specific to farmland protection. A brief explanation of the general principles of TDRs and their current use is essential to understanding how they could be used to protect Ohio farmland, natural resources, and open space.

The Rights of Ownership

Property ownership can be described as a bundle of individual rights. The ownership of land includes rights pertaining to minerals, timber, agriculture, riparian rights, surface and ground water, air, and development, to name the most common. Use of these rights is not absolute. Governmental entities do have the right to constrain, to a certain extent, a property owner's use of these rights and thus the economic value that the property owner can derive from the property. The most commonly used restraint has been on the exercise of the individual's use of development rights primarily through zoning.

Development Rights Are Independent of Land Ownership

The concept of TDRs provides for financial compensation to property owners while society imposes land-use regulations to control growth and development. This approach involves severing the right to develop an area that the public wishes to preserve in low density or open space and transferring those rights to another site where higher than normal density would be tolerated and desirable. The development right is independent of land ownership. The development right becomes a separate article of private property and can be shifted from one area to another and can have economic value.

Facilitating Land-Use Planning

TDRs are regulatory tools designed to facilitate land-use planning. Unlike most community comprehensive plans, the transfer of development rights requires much more certainty of where development will happen and where it will not. TDR programs do more than preserve farmland, natural resources, and open space; they change the way development occurs in a community. However, TDR programs cannot be established in the absence of a comprehensive plan. Implementation of a TDR in the absence of true comprehensive planning represents a failure to recognize that development credit values depend on a stable and predictable real estate environment.

Buying Development Rights

TDRs are very similar to the more commonly known purchase of development rights (PDR) programs (see OSU Extension Fact Sheet CDFS 1263-98, Purchase of Development Rights). The value of the PDR or development easement is the difference between the agricultural or open space value and the development value. For example, if the value of the land for agriculture is \$2,000 per acre and the developer would pay \$6,000 to buy the property for development, the value of the easement or development right would be \$4,000. However, market forces will determine the ultimate value of the development right. PDR programs require that a governmental agency or land trust purchase the development rights to a particular

property. The development rights on the piece of property are then "retired" through deed restriction.

The difference between a TDR and a PDR is that the TDR is done in more of a controlled setting where areas are predetermined as "sending" or "receiving" areas. Private developers or local governments purchase the development rights from within the sending areas and transfer them to an area to be developed; this area is known as the "receiving" area. The owner of the preserved site retains existing use rights while receiving compensation for the development value of the land. As a result, the development potential of the property is, in effect, frozen. By lessening the economic impact of protectively zoned property and enabling the owner to recoup the economic value of the property's frozen potential, the TDR is designed to minimize the objections to such zoning.

Buying and Selling Rights, Not Land

Thus, TDR makes it possible for there to be a free exchange (buying and selling) of development rights without having to buy or sell land. The down zoning (changing of the allowed density to a higher number of acres per unit, i.e., going from one unit or home per five acres to one unit or home per 40 acres) a government entity may impose on a sending area does not necessarily reduce the economic value of the property within that area, because the development rights remain in the landowners' hands and can be used on other properties of the owner or sold to others for use elsewhere.

Two Types of TDR Programs

The most common TDR program allows the landowner to sell the development rights to a developer who then uses those development rights to increase the density of houses on another piece of property at another location (i.e., going from 1/4 acre per unit to 1/6 acre per unit). A variation of that type of a TDR would be a situation in which the developer transfers the development rights from one property to another property the developer owns. The higher density that developers are able to realize is the incentive for them to buy development rights.

A second method allows a local government to establish a TDR Bank to transfer development rights. In this method, developers, who wish to develop at a higher density than current zoning allows, would purchase development rights from the local government. Again, the higher density is the incentive for the developer to purchase the development rights. The local government could then use these funds to purchase development rights of properties in areas that it wants to protect from urban development. The receiving area could not increase in density higher than some maximum set within the comprehensive land-use plan. The difference between the density with or without the TDR credits would be the permitted "bonus" that the developer could realize.

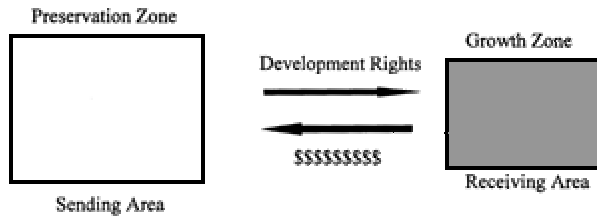


Figure 1. Transfer of Development Rights (Platt, 1996)

Figure 1. Transfer of Development Rights (Platt, 1996)

Components of a TDR Program. There are four main elements of a TDR that must exist in all successful programs:

1. A designated preservation zone (the sending area, described earlier).
2. A designated growth area (the receiving area, described earlier).
3. A pool of development rights that are legally severable from the land.
4. A procedure by which development rights are transferred from one property to another.

Without these components, landowners will have trouble finding a buyer for their development rights. The lack of a market for landowners who are mandated to sell their development rights to realize the economic development value of their property could be grounds for legal action. Under a voluntary TDR program, the lack of a receiving area would result in development occurring in the sending area just as before and with little land being protected.

Incentives. It is essential that developers have an incentive to purchase development rights (i.e., a density bonus). As part of the comprehensive plan, a TDR program must provide incentive for the government to increase the building capacity within the receiving zones when TDRs are used. This extra capacity is approved only after the developer transfers the development rights he or she may own, or purchases those rights from landowners in the sending areas, or from the TDR Bank. It is recommended that receiving areas should provide for about 30 to 50 percent more building units than the actual number of transferable rights would allow. This creates a competitive market among landowners wishing to sell development rights, and among developers needing to purchase those rights. It is important to note that receiving areas do not have to be contiguous to the sending area nor do they have to be in one large mass. However, wherever the receiving/sending areas are, the use of TDRs should be consistent with a community's comprehensive plan, future land-use map, zoning, and capital improvement program.

Features of an Effective TDR Program

TDR programs are very complex and can be very difficult to administer. They can be an effective tool in the preservation of farmland and natural resources; however, they are appropriate only in very limited areas and circumstances. Several features are important in determining the effectiveness of a TDR program.

Ease of understanding

To be effective, a TDR program should be simple and easy for landowners and the public to understand. There must be a strong commitment to the TDR program by the political

leadership of the community. A TDR program takes time to work and must be mandatory, rather than voluntary, for landowners in the sending area and for the higher density building in the receiving areas. Smart developers usually can gain extra density through variances or other means and will have little incentive to purchase development rights unless the zoning process is relatively inflexible and incorruptible. Political pressure to change back to the old ways, before the program has had a chance to work, may be very strong.

Managed Growth

The TDR program should be part of a growth-management program. The county, municipality, or regional planning area must have a solid comprehensive plan and tight zoning ordinances in order to support a TDR program. The ultimate purpose of a TDR program is to create more efficient growth patterns. However, it is just as important for there to be long-term growth expectations to assure landowners in the sending area that there is value in their development rights. TDRs will not work in very rural areas where there is little or no development pressure on the area to be preserved. Within the receiving areas, the county, municipality, or regional plan must include policies, zoning ordinances, and capital improvement programs that will assure communities in the designated growth areas that a public facility overload will not result from the TDR density bonus.

Adequate Incentives

Farmers need adequate incentives to sell their development rights just as developers need adequate incentives to purchase the development rights. Also, the density bonus in the receiving areas must be attractive enough for developers to want to purchase the development rights. The value of the development rights should be predictable and should adequately reflect the true value of the development rights in order to encourage farmers to participate. The establishment of a TDR Bank can help keep a program active during slow economic times and provide a floor for TDR prices. In addition, developers may find it easier to purchase development rights from a governmental entity, rather than from individual landowners.

Careful Management

Finally, a well-trained planning staff must carefully manage the program. Staff members must be well-skilled not only in the fundamentals of planning but also in public relations to explain the program to politicians, landowners, developers, and the public.

Ups and Downs of TDRs

Unfortunately, what works well in theory may not be effective in practice. While TDRs appear to be an effective method of preserving farmland, open space, and natural resources, the reality of the situation is that they have been primarily effective within urban settings. There are a few successful TDR programs in rural areas. Most notably Montgomery County, Maryland, and the Pinelands in New Jersey stand out as programs that have preserved thousands of acres. However, even within these success stories, the use of TDRs is not without problems or controversy. There must be clear sending and receiving areas. Where considerable sprawl exists within the sending area, it may be too late for a TDR program to be successful.

Residents within the receiving areas may object to the higher density necessary for a TDR program. Tom Daniels, in his recent book on the subject, *Holding Our Ground: Protecting American Farms and Farmland*, notes that "Next to establishing effective agricultural zoning on the urban fringe and the political struggles that involves, TDR is the most difficult farmland preservation technique to establish."

The distribution of development rights is the distribution of wealth, and distribution formulas raise equity issues at least as severe as those involved in rezoning. TDR programs may not provide the type of protection that a community might expect and may not provide the equitable distribution of the wealth that the landowners might expect. It has been argued that the only equitable basis for the distribution of development rights is in proportion to the losses landowners suffer due to change in land-use controls. Based on the current farmland TDR programs operating around the country, it is questionable if TDRs can satisfy those losses except in very limited and specific circumstances.

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Basic Elements of Successful TDR Programs

by John W. Bredlin, Esq.

There are several essential elements to crafting a constitutional and effective TDR program:

- A clear and valid public purpose for applying a TDR program, such as open space preservation, agricultural or forest preservation, or the protection of historic landmarks.
- Clear designation of the sending areas and the receiving areas, preferably on the zoning map.
- Consistency between the location of sending and receiving areas and the policies of the local comprehensive plan, including the future land-use plan map.
- Recording of the development rights as a conservation easement, which will inform future owners of the restrictions and make them enforceable by civil action.
- Uniform standards for what constitutes a development right, preferably based on quantifiable measures like density, area, floor-area-ratio, and height, should be used to determine what development right is being transferred.
- Sufficient pre-planning in the receiving area, including provisions for adequate public facilities.
- Sufficient allowable density in the receiving area to help ensure development is economically viable. If the receiving area is zoned to allow development at market capacity without the TDRs, there will be little demand for the TDRs and their market value will be diminished.

Source: <http://www.asu.edu/caed/proceedings00/BREDIN/bredin.htm>

This article provides another balanced perspective on TDRs and emphasizes the need to make a TDR program part of a larger land use policy. The article points too to the need for of a strong political consensus behind land use policies, including a TDR program.

Transfer of Development Rights for Balanced Development

by Robert Lane

A TDR Parable:

It's simple. You just go to the farmer whose land you're trying to preserve and tell him that he can't develop his land because it is a "sending area" for your new Transfer of Developments Rights (TDR) program. At first, he's a bit upset. But as town planner you assure him that everything is OK because you've found a developer who will pay him for the development potential of his property in order to build a block of new houses on small lots in the quaint village center nearby. Everybody wins! It's easy, isn't it?

Well, not really. The farmer has been offered a lot more money by another developer who wants to build the kind of low-density gated community that professional refugees from the city really want. The farmer decides to sue you and the town, claiming that by depriving him of the right to develop his land there has been a "taking." Also, the villagers have decided that their community is dense enough and they would like you to find a different "receiving area."

Meanwhile, the original developer has figured out that he can use his development rights to build a new strip mall on a greenfield site outside of town. This was a site you had hoped he would not use, although you had to include it as a receiving area in order to be sure the farmer's development rights had somewhere to go.

This parable is clearly an oversimplification, but it illustrates many of the challenges that TDR programs face. The allure of the TDR model is its seemingly simple ability to accomplish in one transaction two complementary goals: open space preservation and compact, centered development. However, the promise of TDR has been stalled by a variety of political, economic and administrative obstacles.

The Lincoln Institute and Regional Plan Association (RPA) cosponsored a two-day conference in October 1997 to explore the potential and the limitations of using TDR programs. While the conference addressed a number of legal and planning issues, one of the central questions asked by the group was, "How can TDR programs be used to influence settlement patterns, not only to protect open space, but also to promote compact development?"

A presentation of research by the American Farmland Trust revealed that the use of TDR has expanded tremendously, and many programs are considered successful even though the overall picture is ambiguous. The list of success stories is still dominated by such well-known programs as Montgomery County, Maryland (1980) and the New Jersey Pinelands (1981). A number of more recent programs showing early potential are the Long Island Central Pine Barrens, New York (1995), Bucks County, Pennsylvania (1994) and Dade County, Florida, where TDRs are helping to preserve more than 100,000 acres of everglades ecosystems outside of the Everglades National Park.

Obstacles and Opportunities

Regardless of how many programs may be considered successful, the conference revealed that there are still many obstacles to establishing a working TDR program. Among them are:

- finding communities that will locate receiving areas for higher-density development;
- calibrating values for development rights in sending and receiving areas to insure a market for the rights;
- creating a program that is simple enough to understand and administer, but complex enough to be fair;
- developing community support to insure that the program is used;
- avoiding litigation and evasion;
- Building on the considerable experience of the participants and using an outline provided for the discussion by James Tripp of the Environmental Defense Fund, (1) the conference identified several components of successful TDR programs.
- TDR programs can avoid legal challenges by ensuring that the principles, definitions and language of the program conform with existing local regulations. Because the legal issues of TDR are not going to be resolved any time soon (as some who followed *Suitum v Tahoe* (2) had hoped), conformance will provide the timeliness and certainty the community needs.
- A credit bank, clearinghouse or other financial institution can be extremely effective in promoting the program, facilitating transactions and providing interested parties with hard information about the dollar value of the rights. The "real value" of the rights helps support the legitimacy of the program.
- Effective state enabling legislation may be important in establishing the clear legal authority of the administering agency. The legislation should be specific enough to provide guidance and clarity, but broad enough to enable localities to tailor their programs to their own circumstances.
- The "takings issue" can be ameliorated by providing multiple options to the landowner (e.g., hardship exemption or outright purchase) and by preserving residual use for the land. However, the issue of preserving land versus the activity on it can also be problematic. How are the uses defined? Is "farming" the traditional "family farm" or an industrial-scale operation? At least in the short term, preserving productive activity on the land may be both politically valuable and necessary.

Impacts on Receiving Areas

The first half of the TDR equation (agreement on the resource to be protected) is generally not difficult. However, the second half (agreement on where the transferred development is to go and how it should be configured) has been extremely problematic.

Conference participants acknowledged that while the goal of transferring density away from preservation areas and into growth areas was being accomplished by a number of TDR programs, the programs have not been effective in influencing the design and character of development in the receiving areas. Local municipalities are, or at least should be, obligated to identify sites for increased density, but the use of that density may not be constrained beyond the existing town zoning bylaws. The unfortunate result is that the increased density is as likely

to be used for a suburban strip development as for compact, centered development, thus creating localized sprawl within the receiving area.

In the case of the Long Island Pine Barrens, some towns intentionally spread out their receiving areas to avoid the political fallout of higher-density development. When the TDR program was being developed, the Pine Barrens Commission was working on design guidelines meant to promote compact town planning. However, this layer of complexity and restriction was too burdensome to be incorporated into each of the local town plans.

While there is broad agreement that controlling the character of development in receiving areas is a desirable idea, it also raises a number of questions. First, the administrating agency may not be able to deal with the additional complexity that design controls would bring. Second, the market for new development in the receiving areas may not be strong enough to support the additional burden of cluster design. The need to guarantee a market for the transfer rights also works against the creation of controls that would concentrate development. An advantageous ratio of receiving areas to sending areas (as high as 2.5:1) tends to create large receiving areas.

Conference participants from around the country also confirmed what they perceive as a knee-jerk reaction against higher density. Despite the influences of New Urbanism and neo-traditional planning, the general public and the marketplace do not value centered development. Residents of fast-growing communities might be more receptive to clustered residential designs if they could understand what different types of development would look like by reviewing three-dimensional representations in drawings and models.

Land use attorney Charles Siemon suggested that many town planners seem to want compact, centered development, but are not willing to acknowledge that it can be more expensive to private developers. Perhaps another approach, one that is outside of the TDR marketplace, is needed, such as a fund that buys the development rights and agrees to sell them to developers at a discount if they build in town centers. Lexington, Kentucky, is experimenting with this kind of arrangement.

Evaluating TDR

How do you measure the success of a TDR program? By the amount of open space preserved? The number of acres kept in farming? The number of transactions? The quality of development in the receiving areas? And, over what time period? Charles Siemon suggested that a TDR program might be considered a success even if no transactions take place. How? Because, in the context of a larger land use plan, the TDR program can make a preservation program more palatable by providing the landowner with additional options.

It became clear during the conference that the perceived success or failure of TDR programs was colored by excessive expectations. The notion that a TDR program would, by itself, protect open space, preserve activities such as farming, help create appealing village centers, and do all of this simply by offering a mechanism for moving development around is simply not realistic. Some participants asked, "Why should a TDR program be expected to accomplish more than any other single land use tool, such as zoning?"

This question reflected the most fundamental conclusion of the conference: TDR programs work only when they are part of a larger, long-term land use plan that has the commitment and political will of the community behind it. This commitment to the larger goals of the plan and to the particular resource being protected is the real answer to legal and other

challenges. A comprehensive plan is more likely to accommodate multiple avenues of relief for landowners who feel unfairly treated. TDR programs that are created within the context of a comprehensive plan are much more likely to be tailored to the specific political, economic and geographic circumstances of their location. Finally, in terms of creating balanced and centered development, it is within a land use plan that the design guidelines and other controls that result in the best town planning principles may reside.

Robert Lane is director of the Regional Design Program at the Regional Plan Association in New York. Contact: lane@rpa.org.

Notes:

1. James Tripp and Daniel J. Dudek, "Institutional Guidelines for Designing Successful Transferable Rights Programs," Yale Journal on Regulation (Summer 1989).

2. In the summer of 1997, the U.S. Supreme Court heard *Suitum v Tahoe*, a challenge to a TDR program. Although some of the justices took the opportunity to talk about various legal dimensions of TDR, the case did not address the fundamental legality of TDR. Instead, it focused on the "ripeness issue." Did Mrs. Suitum have to try to sell her rights through the program before challenging its legitimacy? The Court ruled that she did not. The conference participants felt that in the short term the case may create pressure for TDR programs to assign real dollar values to the rights or credits that are being transferred. This is consistent with the finding that a TDR bank, capable of assigning such values, can play an important role in the success of a TDR program.

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Appendix J

Downzoning: An Economic Analysis⁷

by Philip Favero, Ph.D.

Downzoning is a land-use policy option for local governments that intend to protect farmland and open space. The policy involves creating an ordinance to reduce the allowable number of dwelling units per acre of land in a designated zone – the area to be protected. While downzoning is easily defined, its consequences are difficult to predict. In particular, the consequences for the value of downzoned acreage, which landowners call their “equity,” is uncertain.⁸ Research papers on downzoning suggest such ordinances create mixed and unpredictable consequences for equity values. Economic theory can be used to identify several effects and explain the consequences of downzoning. Different effects and different local market conditions, the theory demonstrates, will determine consequences, thus providing an explanation for the mixed results of research. The theory also indicates that downzoning, other things equal, will lead to unintended consequences for buyers of affordable housing, house renters, and home owners on fixed incomes. A local government that decides to use downzoning as a land use control, but that also wants to protect, with certainty, the equity of downzoned landowners, to create a stock of affordable housing, and to protect vulnerable home owners and renters can do so by coupling downzoning with other, complementary policies.

Research Results

Research papers by Etgen, et al. and by Clarion/Samuels Associates are the topic of conversations about downzoning in Maryland.⁹ The two papers come to opposing conclusions. Etgen, et al., writing for the Maryland Center for Agro-Ecology, found four Maryland Counties that had downzoned land have experienced similar equity value gains, or higher, than four comparable counties in the state that had not downzoned. In contrast, Clarion/Samuels Associates found that in New Jersey downzoning had significant negative impacts on farmers’ land equity. One possible explanation is that the opposing results may be attributable to the use of different research methods.¹⁰ Economic theory can be used, however, to demonstrate that the opposing results may reflect different local land market conditions, rather than different research approaches. The theory, that is, reveals three distinct effects for land equity result

⁷ This appendix benefited from a review by Lawrence W. Libby, C. William Swank Professor of Rural-Urban Policy at the Ohio State University.

⁸ The term “equity” as used in this paper to mean owners’ portion of a land asset should not be confused with another common definition of equity, which is “fair” or “just.”

⁹ Etgen, Rob, et al. *Downzoning: Does it Protect Working Landscapes and Maintain Equity for the Landowner?* Queenstown, Maryland: Maryland Center for Agro-Ecology, Inc: MCAE Pub 2003-04.

Clarion/Samuels Associates. *The Impact of Downzoning on Agricultural Land Values in New Jersey*, as cited by the New Jersey Farm Bureau at <http://www.njfb.org/releases/nov11-04.PDF>

¹⁰ Gerena, Charles. “The Downzoning Effect” in *Region Focus* Summer 2004. Federal Reserve Bank of Richmond.

http://www.richmondfed.org/publications/economic_research/region_focus/summer_2004/feature1_readings.cfm

from downzoning and have mixed consequences. The magnitude of the consequences, it can also be shown, would vary according to local market conditions.

An Economic Analysis of Downzoning

Graph 1 illustrates the market for land available for development for a single political jurisdiction such as Caroline County. Assume, initially, that all land that is available in the market has uniform qualities for development. On the vertical axis is price per acre of land at a given point in time (P) and on the horizontal axis is the quantity of acres available for development at a given point in time (Q).

The Initial Situation

The initial situation in the market assumes a time prior to downzoning (T1). The market, characteristically, includes a demand for and a supply of land for development. Demand factors include consumers' incomes, the cost of commuting, preferences for living space – everything, that is, which goes into consumers' willingness to purchase land, except its price. The relationship between demand for land and its price is shown by the slope of the demand curve. The graph illustrates a downward sloping demand curve for land (D1). That slope is typical in that it means the quantity of acres demanded decreases as price increases.

At T1 the supply curve for land is vertical (S1), which is the conventional slope for the supply of land. The vertical slope of S1 means that the quantity of acres available for development is fixed. “Nobody is making more or less land,” a person could say, “no matter the price.”¹¹

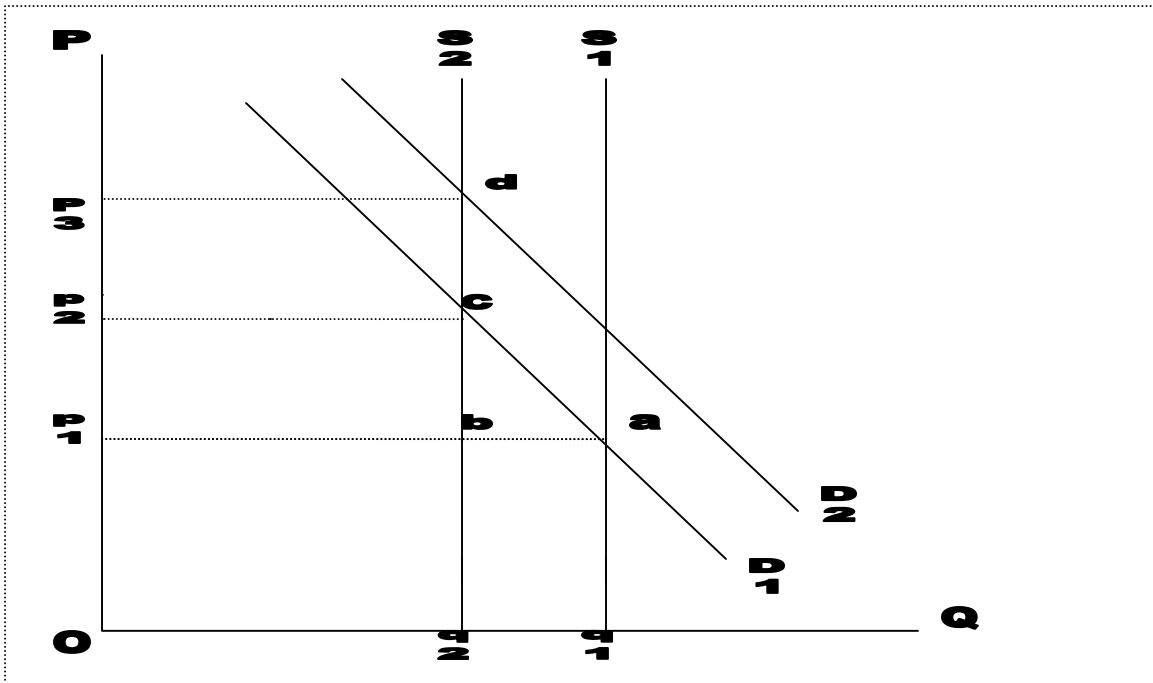
In the initial situation, the equilibrium price of land available for development – that is the price at which the quantity demanded equals the quantity supplied (see Point a) – is p_1 , as illustrated on the graph. In T1 the total equity value of land available for development is the number of acres of land available (q_1), times the equilibrium price per acre (p_1). This value is illustrated in the graph by the area of the rectangle (O- p_1 -a- q_1).

Downzoning Causes Two opposite Effects on Equity

Assume that at a subsequent point in time (T2) the jurisdiction passed an ordinance to downzone a portion of the land available for development. This policy would result in a reduction in the supply of land. The shift in supply on Graph 1 is from S1 to S2. Two effects, which may be termed the “Ordinance Effect” and the “Price Effect”, are created by the new policy. The Ordinance Effect is a reduction in the equity value for landowners in the rezoned area. In Graph 1, that reduction is illustrated by the area of the rectangle (q_2 -b-a- q_1).

The reduction in the supply of land also has a Price Effect, however, as may be shown graphically also. In Graph 1, the equilibrium price for land increases from p_1 to p_2 . The Price Effect thus creates an increase in the market value of land across the jurisdiction, including the land that has been downzoned. In T2 the total equity in land available for development is illustrated in the graph as the area of the rectangle (O- p_2 -c- q_2).

¹¹ While the supply curve for land is shown as vertical, in actual practice, over the long run, there will be some slope to it. More land has been created, for example, by filling in Boston's Back Bay and by the use of dikes in the Netherlands. For the short-run analysis of this paper, however, a vertical supply curve is acceptable.



Graph 1

Downzoning Effects: The Supply of and Demand for Land

Net Consequences for Owners' Equity

This theory does not predict whether the total equity for landowners in T2 will be greater than or lesser than the total equity in T1. In Graph 1, the areas of the two rectangles are similar in size, which implies that landowners whose property has been downzoned in the theoretical jurisdiction have suffered a net loss, even though the Price Effect, per se, has increased the value of their property. In other words, as illustrated, the Price Effect for owners of downzoned property is outweighed by the Ordinance Effect. Landowners whose property has not been downzoned however, are obvious equity gainers in this case. The same would be true for all cases, since landowners whose property lays outside the downzoned area would never suffer the Ordinance Effect, but would always reap the gains of the Price Effect.

Local land market conditions would determine the actual net results of downzoning for landowners in a downzoned area. If, in initial market conditions, demand is very sensitive to price, a quality economists call an "elastic demand," the Price Effect would be dampened. This situation would be illustrated on the graph by a demand curve (not shown) that passes through "Point a," (thus resulting in the initial equilibrium price), but that is more horizontal than D1. An elastic demand for land implies a "cool market" of land available for development. Such a market could result from, for example, significant opportunities for development in neighboring jurisdictions. In contrast, however, if the demand curve was relatively insensitive to price, that is "inelastic," the Price Effect would be amplified. In Graph 1, this condition would be illustrated by a demand curve that runs through "Point a," but that is more vertical than D1. In such a "hot market" for land in the jurisdiction, it may be possible for property owners whose land was subject to downzoning to become net gainers of equity, even though the Ordinance Effect caused them a loss of equity.

A Likely Shift in Demand

Another likely, although not certain, consequence of downzoning would be an increase in demand, which would create a third effect on landowners' equity values. An increase in demand would occur if the jurisdiction that downzoned farmland and open space gained a reputation in the housing market for effectively protecting its rural character, conserving its environmental qualities, and minimizing its costs of providing public infrastructure and services. Thus this third effect can be called the "Reputation Effect."¹²

The Reputation Effect is illustrated in Graph 1 by an outward shift in the demand curve from D1 to D2. The equilibrium price increases from p_2 to p_3 . The total equity value of land available for development, including land that has been downzoned, also increases. In Graph 1 the increase in equity is illustrated by the area of the rectangle (p_2 - p_3 -d-c).

To this point, the economic analysis of downzoning has assumed that all land available for development is equal in quality. If that assumption is relaxed, differing consequences of the Reputation Effect on various properties can be considered. Because the Reputation Effect would entice buyers who value rural character, environmental quality, and low property taxes, it seems likely to involve, primarily, an increase in demand for real estate with high amenities, such as waterfront property and lots near to public open spaces.

In Caroline County, high-amenity lands may be found, for example, near the Choptank River and Tuckahoe State Park. Much of these high-amenity properties are likely to be in the area the County would want to protect, should it decide to downzone the preserve agricultural and open space areas. Thus, assuming a Reputation Effect occurs and increases, in particular, the demand for high amenity properties, if the county decided to downzone as a way to protect farmland and open space, it would need to consider a policy to increase the protection of agricultural and open-space lands near the river and park.

Consequences and Implications

The combined consequence of downzoning for owners of land in the jurisdiction, but not in the rezoned area, is unambiguous according to the theory: because both the Price Effect and the Reputation Effect would increase the value of their land, and because they would not bear the costs of the Ordinance Effect, they would gain equity. The combined consequence for owners of downzoned land is uncertain, however, according to the theory: they would lose equity because of the Ordinance Effect, but gain equity by the Price and Reputation Effects; the net results would be determined by the price elasticity of demand for land available for development and by the degree to which the reputation of the jurisdiction for good conservation policies permeates the housing market.

Further implications of the economic theory of downzoning can also be traced:

1. Because land that is not downzoned would become more expensive to purchase, new home prices, other things equal, would increase. Thus an unintended consequence of downzoning, per se, would be a loss in new affordable housing.

¹² Shifts in demand typically stem from changes in income, tastes and preferences, or prices for substitute or complementary goods. The reputation effect may be thought of as stemming from an implicit increase in the price of substitute land in areas without downzoning.

2. Increases in the value of land in the area that has not been downzoned would lead, over time, to increases in real property taxes. Housing rents in that area would increase and the after-tax disposable income of homeowners on fixed incomes would decline, even though the asset value of their property would increase.
3. Property tax revenues from protected lands may or may not increase, because the net consequence of the combined Ordinance, Price and Reputation Effects on property values is uncertain. Costs of public services to protected lands would be held down if protected lands remained undeveloped. Political jurisdictions in the areas not being downzoned would, over time, expect increases in property tax revenues as assessments rose with property values, but the costs of providing services would also increase as development would shift from protected to non protected land. The net consequence, as is shown previously in this report by the Framework for the Issue of Growth (pp 5-6), is uncertain, but local public policies may be used to shape such costs.

Policies to Complement Downzoning

The economic analysis of downzoning suggests the likely need for complementary policies to protect against unintended consequences. A series of public policies options to respond to public preferences, as shown in italics, and avoid unintended consequences are shown in the following list:

1. *Protect the equity of downzoned property owners:* the most obvious policy choice would be a TDR initiative to compensate owners in the protected zone by making it a “sending area” in which development rights would be purchased. This policy would also reduce the risk that the Reputation Effect would lead to the development of high-amenity properties in the downzoned area.
2. *Create more affordable housing:* here too, a TDR program could be designed to include incentives for the construction of housing to correspond to the income levels of a jurisdiction’s teachers, police officers, and other moderate income earners. If affordable housing is defined to include the protection of homeowners on fixed incomes against increases in property taxes, a TDR program or other local policies could be designed to create incentives for the construction of modestly priced homes for those on fixed incomes.
3. *Minimize public service costs:* both downzoning and a TDR program would concentrate growth into urbanized areas such as those towns in Caroline County that have the desire and ability to grow. Such concentrated development would have public service cost advantages over the development of properties spread across the county and away from existing infrastructure. Local zoning ordinances would, however, determine the exact location of growth and, thus, the final costs for additional public services.
4. *Maximize aesthetic and environmental development values:* downzoning and TDR programs would also lead to higher densities in unprotected/receiving areas. Popular biases exist against increased densities for new housing developments because they are perceived

to be ugly, unhealthy, or polluting. In recent years, however, architects and community designers in the “New Urbanism Movement” have created innovations to increase density in ways that are attractive, community-building, and economical.¹³ With its “Planned Neighborhood Development” theme for new construction, the Town of Denton has begun incorporating New Urbanism into its land use ordinances and applied it to the town’s most recent developments.

¹³ For an explanation of “New Urbanism” view the following website:
<http://www.newurbanism.org/pages/416429/index.htm>