

A POPULATION GROWTH SCENARIO FOR GARRETT COUNTY

Proper population forecasting requires the development of a plausible growth scenario that outlines the type of growth in the county and that identifies the factors that are driving population growth or decline in the community. The following presents a growth scenario for residential growth in Garrett County through the year 2040.

Dimensions of Growth in Garrett County

A key element in developing a population forecast for Garrett County lies in understanding current and emerging growth pressures. Garrett County has experienced three different types of growth pressures in the past 15 year period: 1) Historic Boom Market Trends, 2) Recessionary Trends and 3) Post-recession Leveling. These pressures are discussed further below. There is also the issue of the influence of the second home market and tourism in Garrett County, an issue that will also receive some attention below.

Historic Boom Market Trends

In the past 15 years, Garrett County has experienced growth (in the form of new residential housing starts) at annual growth rates ranging from -79% to 160%. The fluctuation is mind boggling when taken as a whole, but is easily understood when considering market trends during that time period. During the first six years of that timeframe, Garrett County, like much of the nation, was enjoying the tail end of an economic boom. Aside from a 6% drop between 2004 and 2005, the growth rates ranged from 2% to 11% every year, with housing starts between 300 and 369 every year. This growth rate is in part due to the success of Garrett County and specifically Deep Creek Lake in establishing itself as a vacation and retirement destination. The average percentage of homes built in the Deep Creek watershed during that time frame was 58% of the total homes built in the County. Population trends during the same time period remained fairly stagnant but did average a slight increase of 0.1%. The tendency for new housing start trends to show more growth than population trends is typical in a resort community and very typical for Garrett County.

Recessionary Trends

The United States as a whole was drastically affected by the collapse of the housing bubble. Housing prices peaked in early 2006 and reached new lows by 2012. Similarly, after the new housing start peak of 369 in 2006, the number of new housing starts in Garrett County plummeted, steadily decreasing to 111 in 2011. Annual growth rates during that time frame averaged -21%. During that same time period the County's population while remaining somewhat constant, also started seeing the first signs of a potential decline, going from 30,148 in 2007 to 30,100 in 2011.

This recessionary time frame was not aided by the second home market, as we've seen in other time frames. During the 2007 – 2011 time period the number of new residential starts in Deep Creek watershed as compared to the rest of the County dropped from 58% to 35%.

Post-Recession Leveling

The time period from 2011 to 2016 is the most interesting for two reasons. First, the new housing starts trend line begins to show signs of leveling off. Between 2011 and 2012 the County saw the first positive growth rate in 5 years, with new housing starts going from 111 to 146. However, the next year the number of new housing starts practically cut in half (77). While it can be debated whether or not that seesawing would have continued to bounce around a somewhat steady line, the evidence is not there to support it due to the second reason for the uniqueness of this time period. In 2015, the state of Maryland's sprinkler law became mandatory. That law required all new housing starts on private water sources to include a sprinkler system on July 1, 2015. All new housing starts on public water sources needed to include a sprinkler system after December 31, 2015. All permits issued prior to those two dates were considered grandfathered and exempt from that requirement. As a consequence of that law, any property owner that was considering starting a building project in the near future was well served to get their permits prior to the deadline dates and thus avoid the potential expense. In Garrett County the number of permits in 2015 skyrocketed to 270, a number we hadn't seen in 8 years. This number can easily be considered an outlier in the dataset, but 2016 can also be considered an outlier. After the unusual rush of permits in 2015, 2016 saw only 56 new housing starts, the smallest number in the entire 15 year timeframe. This number can also be considered an outlier, since those permits that may have been spread out over a multiple year timeframe were garnered in 2015 instead. Unusually low housing starts can be reasonably expected for at least the next couple years.

Figure 1 shows the Total Housing Units over a 15 year timeframe along with a 2 percent moving average trend line.

Figure 1

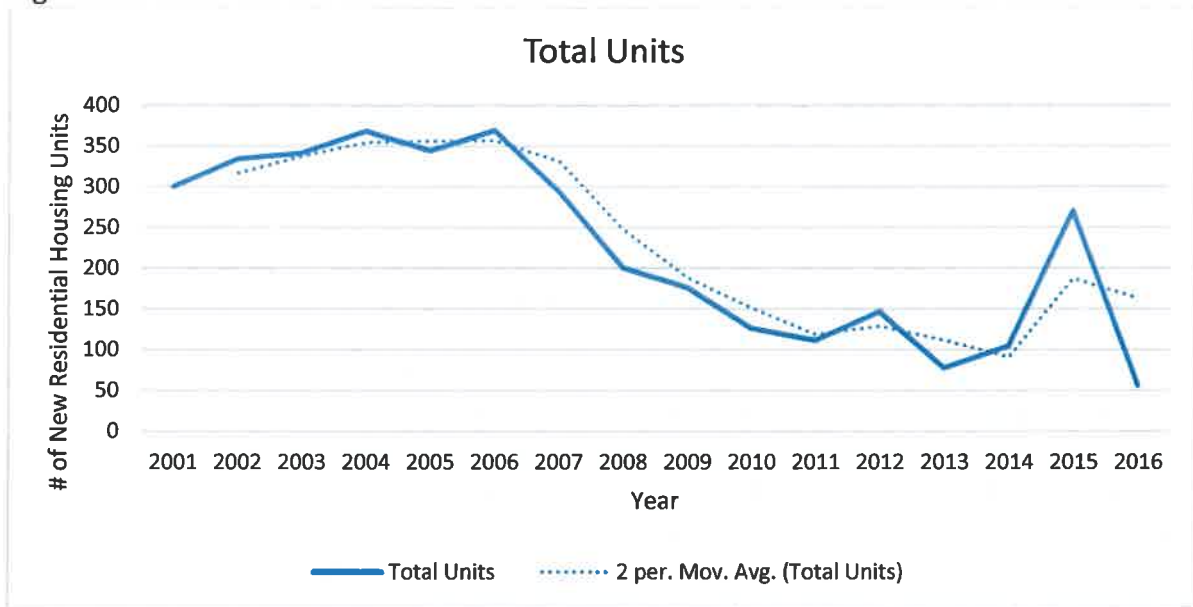
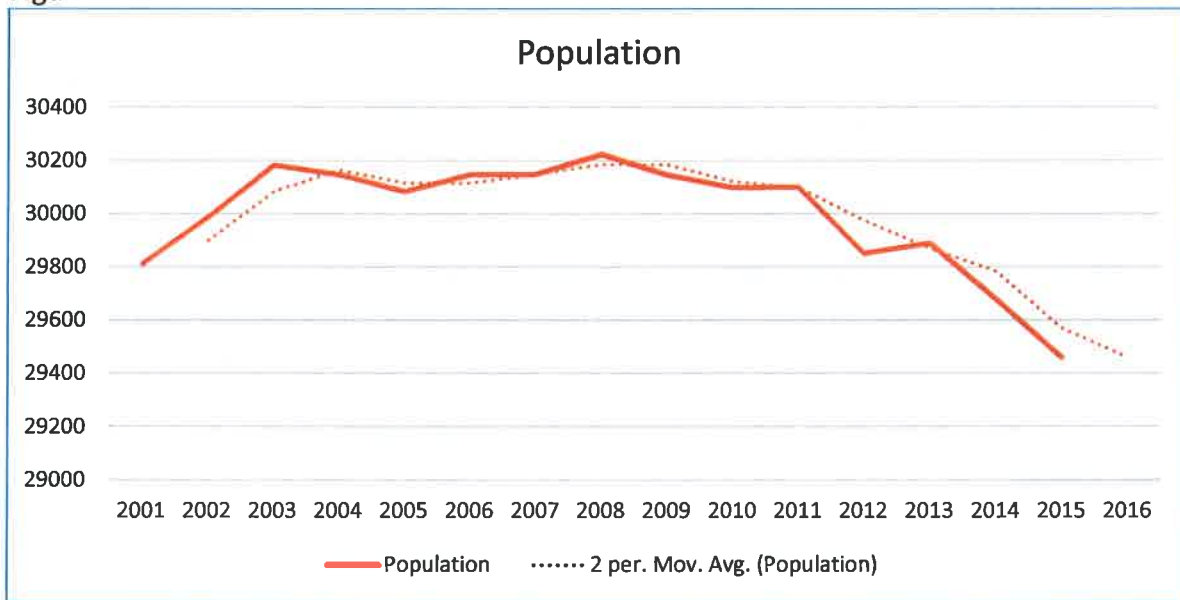


Figure 2 shows Garrett County's population changes over the same timeframe.

Figure 2



It should be noted that according to Maryland Department of Planning's (MDP) Demographic and Socio-Economic Outlook, our County's population is predicted to grow to 31,750 residents by 2040. That Outlook also did not predict the decline seen in the 2015 population estimate, so this projection may be different the next time MDP conducts the analysis.

Factors Lending to a Positive, Negative or Stagnant Growth Trend

Numerous forces currently exist that affect growth in Garrett County. In addition, other factors may emerge in the near or longer-term future that will also contribute to growth in the County.

Second Home Owners and Tourism

While Garrett County's official residential population is estimated at 29,460 people, the County experiences a large seasonal population of both second home owners and vacationers. It is estimated that the population around Deep Creek Lake doubles during the summer months. While an influx of people to the area brings dollars to the local economy, there are also substantial direct and indirect costs associated with this transient population who are not counted as part of the Census-derived County population. Services such as police, fire and rescue need to be extended, and infrastructure must be provided. Population forecasts that rely solely on population estimates and projections will underestimate the impact of this group. Using new housing starts as opposed to population numbers will allow Garrett County to include this hard to quantify population in our planning exercises.

The County's 2008 Comprehensive Plan estimated that 60% of new housing starts would occur in the Deep Creek watershed, a prediction that held true through 2006. However, since that time the percentage of new housing starts within the Deep Creek watershed has averaged between 35% and 40%. Looking long term, it is reasonable to assume that market recovery is likely to be felt first in the Deep Creek watershed area, where second home owners will have more expendable income to construct new homes than local residents will.

Continued Growth in the State and Region

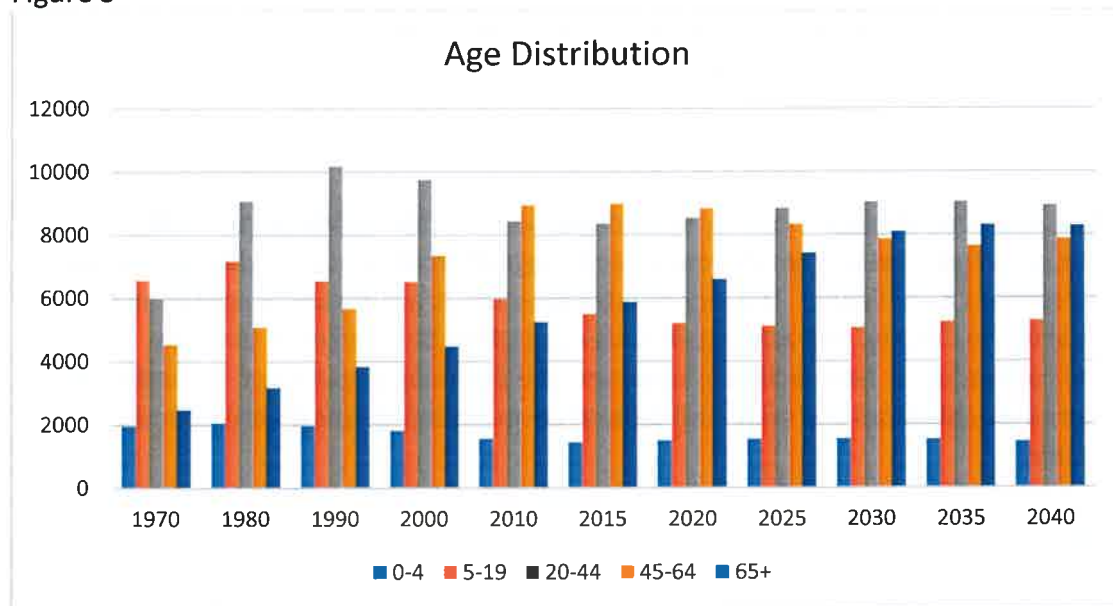
The state of Maryland has seen a steady increase in population since at least 1970 with a projected population increase through 2040 of well over one million more people than in the 2010 population. While one popular population projection technique, called the ratio technique, assumes that a county is a subset of a state and can expect a percentage of its projected growth, Garrett County's distance from the Maryland's urban centers has made this assumption invalid.

It is more reasonable to look at regional growth. Two small urban centers in the region of note are Cumberland MD and Morgantown WV. They are both within an hour and centers for employment. Cumberland has seen population decline for quite some time, but Morgantown is booming. Northern parts of the County may be able to draw some population from that location, but it is not likely to be a big contributor to growth in the County. The influence of state and regional trends will more likely have a positive influence in the second home market.

Aging Population and Retirement

According to the demographic and socio-economic outlook prepared by the Maryland Department of Planning in July of 2014, Garrett County can expect a steady rise in the 65+ age group through 2040. Figure 3 shows Garrett County's actual age distribution from 1970 through 2010 and projected age distribution through 2040.

Figure 3



In fact, Garrett County is projected to have approximately 3,000 more citizens in the 65 and over age range compared to 2010. These numbers are based on Census results, and do not count the aging population who choose to locate their second homes here and/or retire in the County.

During the same time period, the number of newborns is expected to decline by approximately 100, the number of school aged children will decline by approximately 700, the number of 20 – 44 year olds will increase by about 500, and the number of 45 – 64 year olds will decline by approximately 1000.

The age distribution of both the existing and transient population will have a significant impact on planning for emergency and health services. In addition, the school system will have to account for a declining school population in an economic environment that is already strained.

Rural Setting

While Garrett County's rural setting makes it a pleasant place to visit, it has also contributed to limiting population growth of full time residents. While centrally located to Pittsburgh, Baltimore and Washington DC, it is 2 to 3.5 hours away from these locations, making

commuting to these urban and employment centers unrealistic. In addition, Garrett County, located as it is in the Appalachian mountains, has steep elevation changes, wetlands, clay soils and rocky geology, making the availability of successful percolation tests for private septic systems a hit or miss proposition in many areas.

Large Public Land Holdings

Approximately one-fifth of Garrett County is publicly held, with most of those lands being owned by the state of Maryland in the form of state parks and state forests. While this lends itself to the beauty of the County and the success of the tourism industry, that land cannot be developed and is not included in the County's tax rolls.

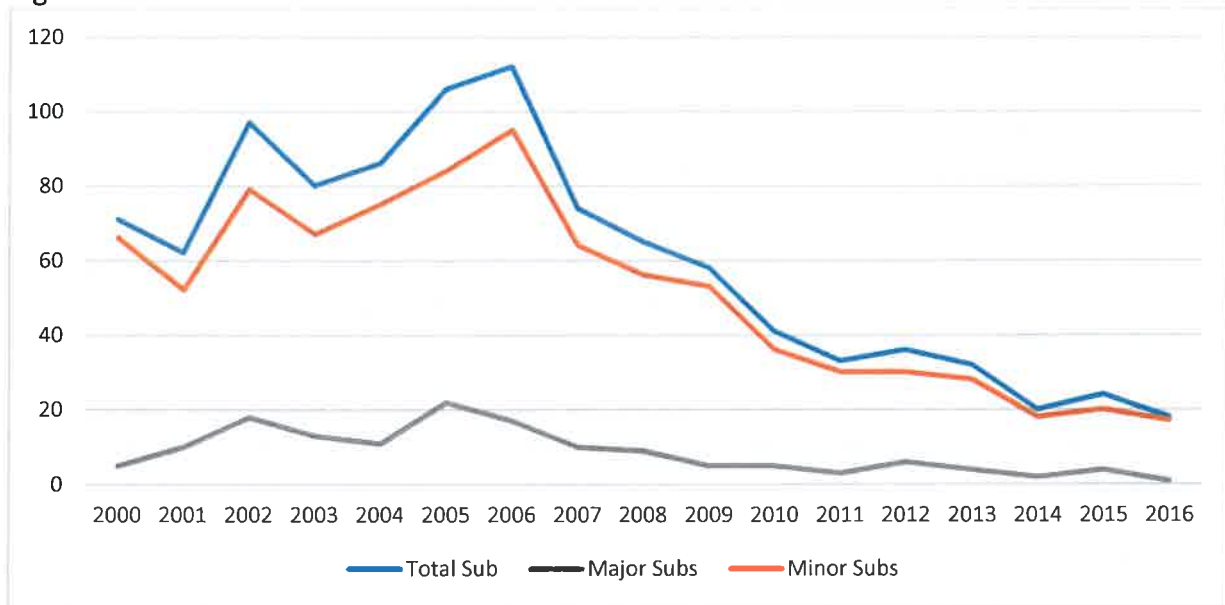
Infrastructure Issues

Garrett County is the second largest county in land area in the state of Maryland. Add that to the rural nature, small population, harsh winters and rugged terrain and providing adequate infrastructure becomes a challenge. The lack of infrastructure is a substantial limitation to growth potential in the County. Infrastructure issues can often be overcome through expenditures for upgraded or new facilities; however, the declining population, tax base and decreasing funds available from the state and federal government makes it very difficult to obtain such funding.

Future Development Activity

Development activity can often be estimated by looking at subdivision activity. The 15 year trend for subdivision activity has been influenced by the same three smaller trends noted in relation to housing units earlier. The first 6 years saw a high number of subdivisions, the middle time period saw a rapid decline and the final years seem to indicate a leveling of activity. Figure 4 shows the number of approved total subdivisions, number of approved major subdivisions and number of approved minor subdivisions.

Figure 4



Sustainable Growth & Agricultural Preservation Act of 2012

Future subdivision activity will be affected by the Sustainable Growth & Agricultural Preservation Act of 2012. The Act required all counties in Maryland to divide their land area into four tiers. The characteristics of each tier were determined by the law. The most limiting tier for subdivision activity is Tier 4, which were marked as areas planned for preservation and conservation. No major residential subdivisions (subdivisions containing more than 7 lots) are permitted in Tier 4. Because of the requirements of the legislation, Garrett County did not have much leeway in assigning this area. All agricultural and rural resource areas as designated in the County's subdivision map, as well as most areas designated as 'rural' on that map, were required to become Tier 4. As a consequence, 84% of our land area is in Tier 4 and none of that land area is available for major subdivisions.

Because of this law, in 2014 the Garrett County Department of Planning & Land Management asked the Maryland Department of Planning (MDP) to reconstruct our development analysis. MDP determined that the result of the law was that the development capacity outside of Priority Funding Areas (approximately 97% of the county) had decreased by 56%.

Development Capacity

MDP worked with Garrett County to conduct an updated capacity analysis in 2014. Below is an excerpt of their report.

A development capacity analysis, sometimes also referred to as "build-out analysis" or "buildable lot inventory," is an estimate of the total amount of residential development that may be built in an area

under a certain set of assumptions, including applicable land-use laws, policies (e.g., zoning) and environmental constraints.

MDP ran the capacity analysis for Garrett County in 2 ways. First, we ran the numbers in a “pre-septic bill” scenario. We then ran a scenario that incorporated Garrett County’s Septic Tier Map. For this analysis, MDP used the 2011 MDProperty View parcel point dataset along with county parcel polygons as the base. The analysis uses data from geographic information system (GIS) overlays. The GIS database includes information on land use, watershed and county boundaries, zoning, sewer service, portion of each parcel with environmental constraints, and protected lands (e.g., agricultural easements, parks, etc.). This database also includes Department of Assessments and Taxation parcel information in the form of point data.

MDP has incorporated parcel polygon data to estimate site constraints such as steep slopes, wetlands, and stream buffers. For Garrett County, we have applied the following rules in the analysis based on local ordinances.

Stream Buffers:

- In Growth Areas: 25 Feet*
- Outside Growth Areas: 50 Feet*

Floodplains

- In any floodplain area, lots may be subdivided only if each new lot has a buildable site outside the boundary of the 100-year floodplain.*

Wetlands

All development activity shall comply with the Maryland Non-Tidal Wetlands Act (Title 5, Subtitle 9 of the Maryland Annotated Code).

- 25 foot buffer from all non-tidal wetlands*
- 100 foot buffer from all non-tidal wetlands of special state concern*

All of this information is combined into a master parcel database. Once complete, this database includes the following data for every piece of land (i.e., parcel) in the study area.

- 1. zoning*
- 2. tier map category*
- 3. parcel size*
- 4. sewer service category*
- 5. existing land use*
- 6. number and date of improvement(s) (i.e., major structures)*
- 7. value of parcel and improvement(s)*
- 8. some site constraints*
- 9. address and owner*
- 10. capacity for development (number of new units)*

Results

As mentioned above, MDP ran 2 versions of the development capacity analysis for Garrett County. The first illustrates development capacity without restricting subdivision in the County’s Tier 4. The second reduces development capacity in Tier 4 areas to 7 lots per parcel.

Pre-Tier Map

<i>PFA</i>	<i>New Household Capacity</i>
<i>Inside</i>	<i>5,203</i>
<i>Outside</i>	<i>95,609</i>

Reflects Adopted Growth Tier Map

<i>PFA</i>	<i>New Household Capacity</i>
<i>Inside</i>	<i>5,203</i>
<i>Outside</i>	<i>42,149</i>

As stated previously this analysis shows a 56% percent decrease in development capacity outside the County's priority funding areas, which comprise 97% of our land area. Looking at total land area of the county, development capacity is 47,352 new units.

Population Growth Scenarios

The scenarios use a base year of 2015, and a horizon year of 2040. The total amount of growth for the 2015 – 2040 period was established based on past residential housing unit trends. It was reasoned that the most accurate picture of future growth would be based on the most recent leveling trend lines excluding recent anomalies. Two separate scenarios were produced:

- a. The Moderate Growth Scenario assumes that development in Garrett County will increase slightly, following the bottom half of the leveling that has been seen in the past years. An average of approximately 100 new units per year, for a total of 2500 units through 2040 is assumed.
- b. The Rapid Growth Scenario recognizes the higher end of the leveling trend that has been seen in past years. An average of approximately 200 new units per year, for a total of 5000 new units through 2040.

