

Appendix B:
Growth Management Issue Paper
March 2007

Annapolis Comprehensive Plan Growth Management Issue Paper

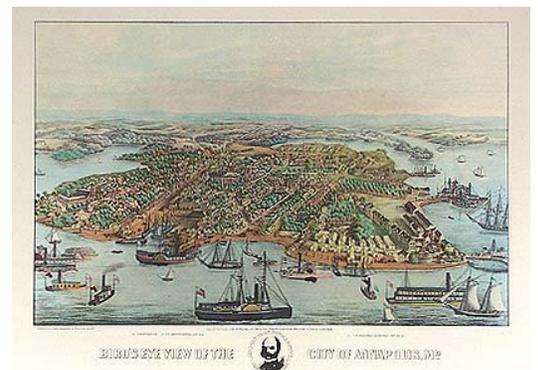
This issue paper will present current trends as well as advance theories related to growth management and annexation policies for the future. In order to assess the current status of growth, several historical benchmarks are presented in addition to the projected population increases. Growth is primarily the result of providing housing and jobs for new residents and businesses to foster a healthy, expanding local economy. The new development places demands on the area's infrastructure, roads, water, sewer, schools, parks, police, fire, emergency, and other services provided by government or public utilities such as telephone, gas, and electricity. Growth management addresses not only absolute growth and growth rate, but seeks to address fiscal problems associated with growth.



Annapolis is approaching its 300th anniversary, having experienced periods of slow and rapid growth and at times, even population loss. Meanwhile, the area around Annapolis has transformed from forest and farm to a heavily urbanized unincorporated area. Annapolis is currently addressing changing growth and social patterns and is optimistic about what lies ahead. In planning for its future, Annapolis faces the challenges of sustaining economic growth, protecting its natural environment, preserving and enhancing its community character, and balancing the demands placed on its fiscal resources to maintain and expand an adequate infrastructure system.

Before looking at the future, however, it is important to consider the past and current conditions that are realized through this demographic assessment and which will contribute significantly to the future of Annapolis. The purpose of this issue paper is to examine how the community has grown since its initial growth as a colonial port in the early years of the eighteenth century, identify its current characteristics and resources that will contribute to the envisioned land use, and analyze where the community appears to be headed in the future.

An important component of this chapter is the Year 2025 projected population, which is referenced throughout the plan to project future land use demands, infrastructure capacity needs, and economic development strategies. An understanding of existing population characteristics and future population demands is essential in determining the anticipated growth and the resulting demands on the community and its facilities and services.



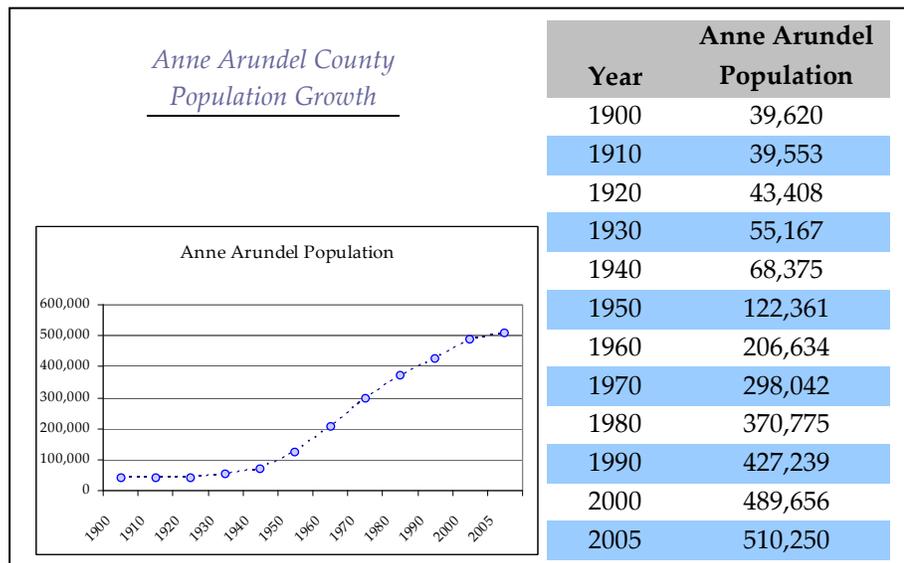
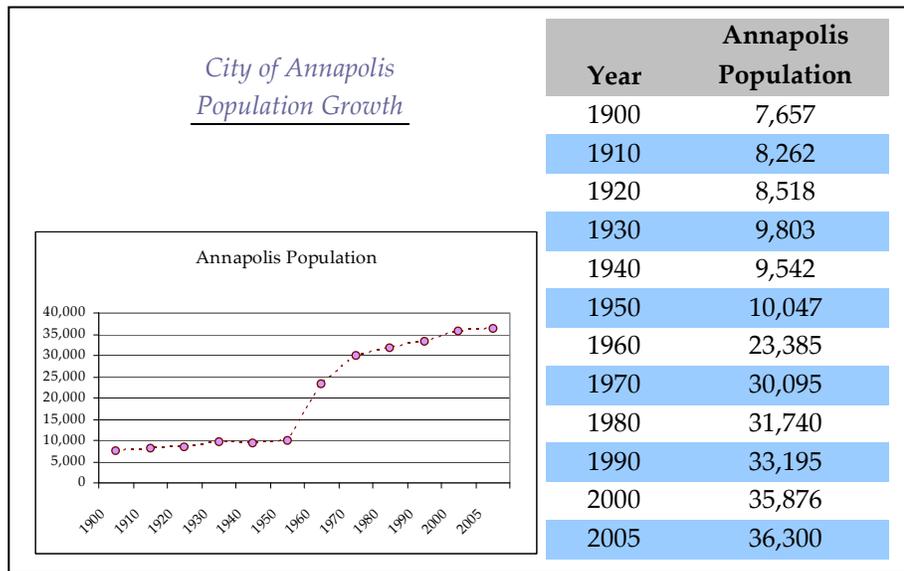
City of Annapolis
(Charles Magnus, 1864)



POPULATION GROWTH

Historic Population Growth

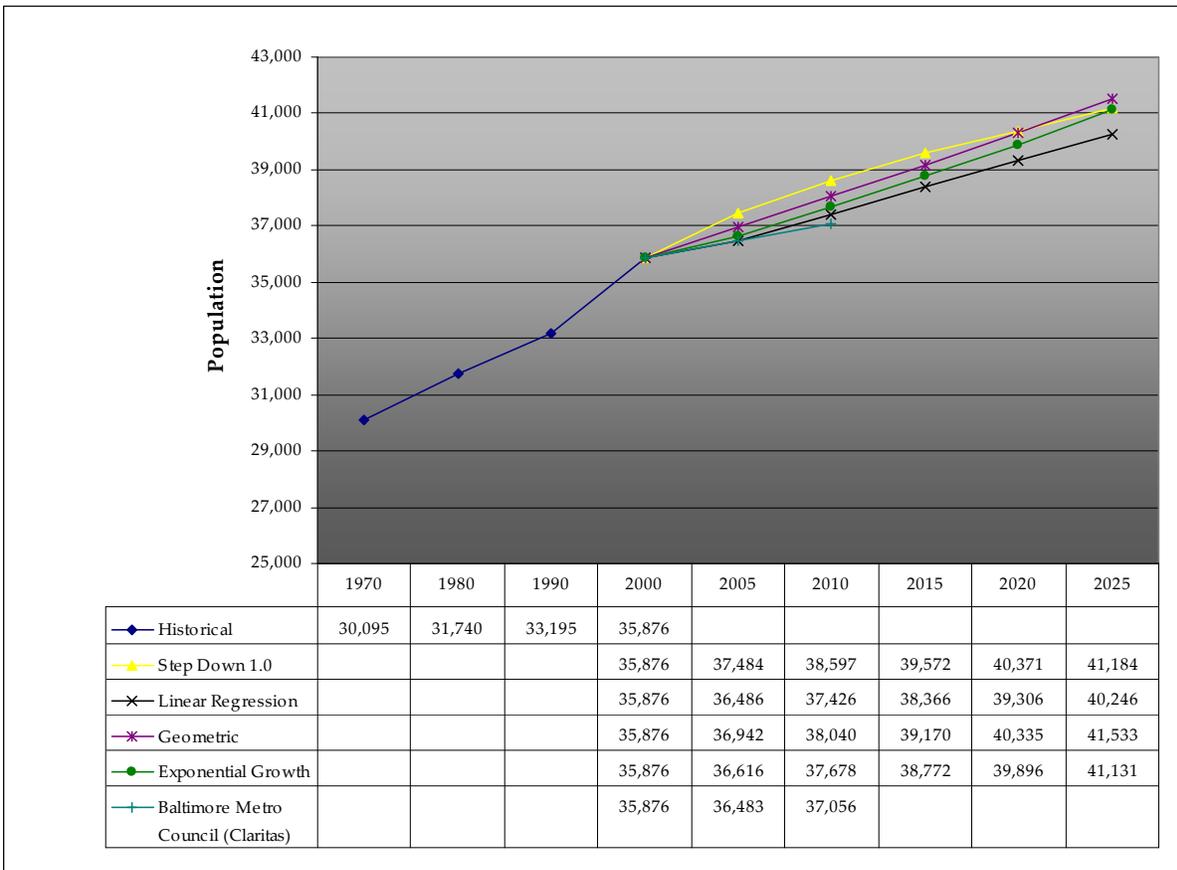
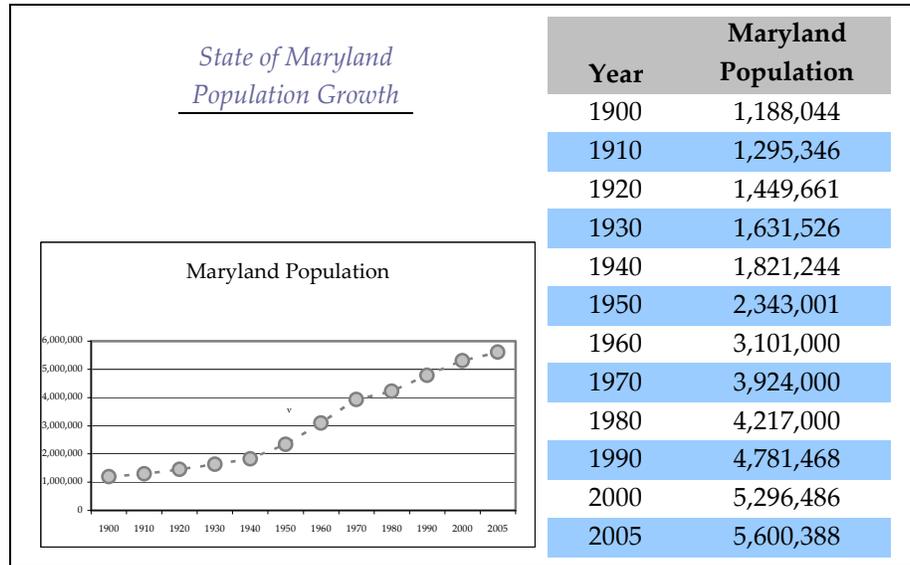
This assessment of historic population growth is a snapshot of the community's past conditions and present characteristics, which provides an understanding of what the future may hold for Annapolis. The findings of this analysis set the stage for more detailed evaluations of historic trends and future planning considerations as each element of the plan is assembled. A future projection provides a basis for determining future land use requirements and demands for public facilities and services, but also allows advance planning to effectively guide future development in a desirable and fiscally responsible manner.



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Projected Population Growth

To project future population there are several methods that can be used to further estimate the Year 2025 population, including the linear regression, exponential growth, geometric, and step-down methods, as well as the projections of the Baltimore Metro Council (Claritas). These statistical methods were used to compare alternative population forecasts to reflect the plan's 20-year horizon.



The following three scenarios assume the same set of mortality and fertility assumptions, but they differ in assumptions relative to net migration. The net migration assumptions are derived from 1990 to 2000 patterns, which have been altered relative to expected future population trends. The scenarios that are produced are referred to as the Zero Migration (0.0) Scenario, the One-Half 1990 – 2000 (0.5) Scenario, and the 1990 – 2000 (1.0) Scenario. The following points explain the 1990 – 2000 scenarios:

- ♦ The *Zero Migration (0.0) Scenario* assumes that in-migration and out-migration are equal, resulting in growth only through natural increase (the excess or deficit of births relative to deaths). This scenario produces the lowest population projection for counties with historical patterns of population growth through net in-migration.
- ♦ The *One-Half 1990 – 2000 Migration (0.5) Scenario* was prepared as an approximate average of the Zero (0.0) and 1990 – 2000 (1.0) Scenarios. It assumes rates of net migration that are one-half of those of the 1990s. This scenario is included in projections because Annapolis is unlikely to continue to experience the high rate of growth seen in the 1990s. Since the One-Half (0.5) Scenario projects rates of population growth that are approximately an average of the Zero (0.0) and 1990 – 2000 (1.0) Scenarios, it suggests slower growth than the 1990 – 2000 (1.0) Scenario while still indicating steady growth.
- ♦ The *1990 – 2000 Migration (1.0) Scenario* assumes that trends in the age, sex, and race/ethnicity net migration rates of the 1990s will characterize those occurring in the future. The 1990s was a period characterized by substantial growth (8.1 percent growth between 1990 and 2000 in Annapolis). Due to the fact that growth was so extensive during the 1990s, it is not likely to be sustained over time, thereby making this scenario a high growth alternative.

Population growth in the 1990's was high for many urban areas in the country. Annapolis was no exception with an overall change during that decade of eight point one percent.

Analysis of Annapolis and Anne Arundel County indicates that the City's share of the County's population has been decreasing each decade since 1910 when it comprised 20.9 percent of the population. By comparison, in 2000, the Annapolis population decreased to represent approximately 7.3 percent of Anne Arundel County's projected 489,656 persons.

Based upon what we know and understand about Annapolis and the factors contributing to its ongoing growth, and using a straight line assessment of the trend since 1970, we are able - with relative confidence - to illustrate these "most likely" scenarios. Based upon the trend since 1970, either the exponential, geometric, or step-down (using the 1990 – 2000 1.0 Scenario) methods appear to offer a likely scenario assuming continuation of the



growth experience over the last three decades. The fact that each method closely parallels the other indicates that it would be difficult to single out a “preferred scenario”, but all roughly point to an estimated 2025 population of 41,000 persons. However, the question that must be asked is whether this level of growth can be sustained in the next two decades, or whether there are the capacities to support such continued aggressive growth.

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Implications of Population Growth

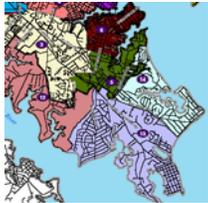
The reason population growth is an important issue is the impact of various rates of growth. Population growth implies growth in jobs and revenue to the City to support its services. Too rapid growth results in huge strains on the government’s ability to extend services or utilities. Negative growth results in a declining economy, community, and quality of life. These represent extreme growth conditions. The other factor in growth management is the unwillingness of citizens to pay for services. As a result, most communities have fallen behind in the provision of facilities, services, and maintenance. Once a community falls behind, it becomes increasingly difficult to bring services back to the desired level. Finding ways to control growth, either to pace it, encourage it, or ensure that it is beneficial to the community, thus, becomes an important issue.

In Annapolis and its planning area, growth takes on an entirely different element – that of growth in a mature community. As buildings or neighborhoods age, the government must ensure they remain so attractive that the market encourages reinvestment. In some cases (waterfront properties, for example), the market is so strong that reinvestment is assured. In commercial areas such as inner West Street, government with zoning and parking structures has encouraged to market to reinvest. In the most extreme cases (public housing, for example), government will have to be the investor. The cost of buying developed land and rehabilitating or demolishing and rebuilding are high. Thus, if renewal is desired, government must encourage the market. In built-up areas, higher density development may create the same infrastructure problems as occur in greenfield development – inadequate facilities.

MAJOR GROWTH ISSUES

Annapolis and its planning area appear to have three major growth areas. The first is the Annapolis Neck/Forest Drive corridor. The second is the overall direction for what might be called the Annapolis/Parole metro center. The third is outer West Street.

Annapolis Neck/Forest Drive Corridor



The problem of Annapolis Neck was created in the 1960's, when suburban development was permitted wholesale on a peninsula served by a single road, a problem which parallels that of numerous coastal communities on the eastern seaboard. While this issue is very contentious, the horse left the barn decades ago. The density of Annapolis Neck, out at the end of the peninsula is similar to much of Annapolis's single-family areas. The capacity of the road should have held this area to estate intensity level of 2-5 acre lots. The unincorporated Annapolis Neck planning areas (Planning Areas 12, 13, & 14) have only 135 vacant acres and are currently 96.2 percent developed.

The issue is primarily a transportation issue. How are additional traffic improvements going to be provided in a manner that makes traffic flow more smoothly? Can better transit service do anything to significantly reduce congestion in this corridor?



The Forest Drive Corridor presents many obstacles and opportunities to future growth.

and decreasing its capacity. This problem is complicated in transportation

Planning Area #3, the planning area encompassing the Forest Drive corridor, has 215 vacant acres. It is not equitable to talk about limiting growth in this area since there has been urban densities established throughout the unincorporated areas on the fringes of the neck. Seeking to limit growth in areas that are closer to jobs, closer to major roads makes little sense. This area is better suited for growth because it is closer to services than much of the subdivisions that load the Forest Drive corridor. Lastly, the growth of the rest of the Annapolis Planning area and areas to the West in Anne Arundel County will continue to load the road network. In conclusion, this is not a growth issue per se, but principally a land use and transportation problem.

The land planning over the past 50 years is responsible for the transportation problem. Not only was the density too high for the capacity of Forest drive, but the County and, to a lesser degree, the City allowed developers to create cul-de-sacs off Forest Drive. As a result, even short trips of several blocks require the use of Forest Drive, increasing its loading and decreasing its capacity. This problem is complicated in transportation

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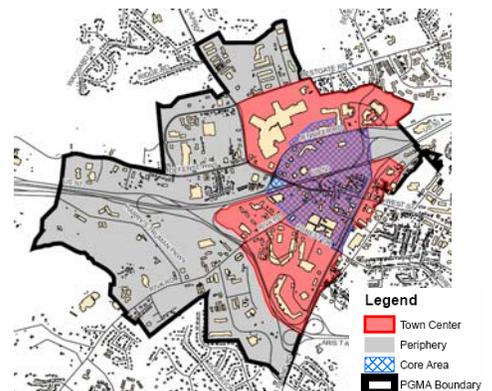
because there are three governments, state, county, and city involved in construction and maintenance of roads. In addition, the regional transportation agency is responsible for transit funding using both state and federal funds as well as revenues from fares. Within the planning area, two separate governments are charged with land use controls and planning.

The problem of managing growth is greatly complicated by multiple governments and funding that has grown increasingly political, at all levels. The Annapolis area is not the only community struggling with managing growth. Maryland and other states have been working on this issue for several decades while none seem to have the problem solved. Maryland's smart growth mantra seems to encourage infill and redevelopment rather than urban sprawl, however there are many forces operating to discourage growth in urban areas and force it to more rural areas, where the costs of development ultimately are much higher.

Annapolis/Parole Metro Center



While the current site appears to remain underutilized, the planning area is reaching the threshold of an edge city, a regional center with two million square feet of commercial and six million square feet of office. It is a major hub of Anne Arundel County. As such, the Annapolis Planning Study Area will undoubtedly continue to grow rapidly. There are roughly forty acres of vacant land in the planning area west of the City (Planning Area #10) and far more in the County outside the planning area. The Parole center project and additions to the mall make it unlikely that there is any feasible growth management strategy that will do much more than control the pace of development. Over the next 20 years, continued growth and increased intensities are almost inevitable as older commercial areas become less competitive. Many of the future growth increases have already been committed through plans or even vested through the planning approval process. Similarly, redevelopment in City and County alike will result in increased density. The extent of density increases is primarily a community character issue, not a growth issue. That growth will result in further congestion is near inevitable, however, the form of that growth and its coordination with transportation improvement can mitigate the impact.



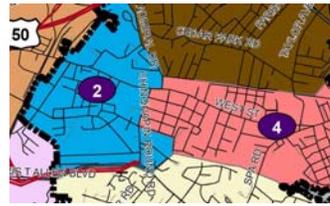
Parole Town Center Growth Management
Area Map
(Anne Arundel County, 2005)



The Parole area now serves as the employment and shopping center for an area with a population of more than 160,000 people¹. As the state capitol and center of county government, the planning area is a major regional employer, with over 55 percent of the work force commuting into the planning area from other areas of the County and the eastern shore.

As the planning area and region have grown, the road infrastructure has failed to keep pace so that congestion and traffic are highly important to the residents of the city and planning area. Planning to provide these infrastructure needs is a serious problem. The public utilities are able to fund growth for the most part with hook-up charges or increased rates.

Outer West Street



Outer West Street is the classic dilemma of mature urban areas. The buildings are aging, many of the uses are low quality on small sites, it is unsightly, and slowly declining. The ability of the area to compete with newer developments is limited, which places downward pressure on most of the parcels. This results in deferral of investment and maintenance or outright disinvestment. As the uses decline, so do City revenues. This cycle continues to go downward unless government intervenes. As with all redevelopment, it is more costly and, thus, government needs to provide various incentives or enter into partnerships that make redevelopment attractive. This is one of the major entrances to the City, and it needs to be improved.

These growth issues result from a land use and transportation mismatch. Future growth management needs to be based upon the fact that land use and transportation are linked together, not to be separately determined.

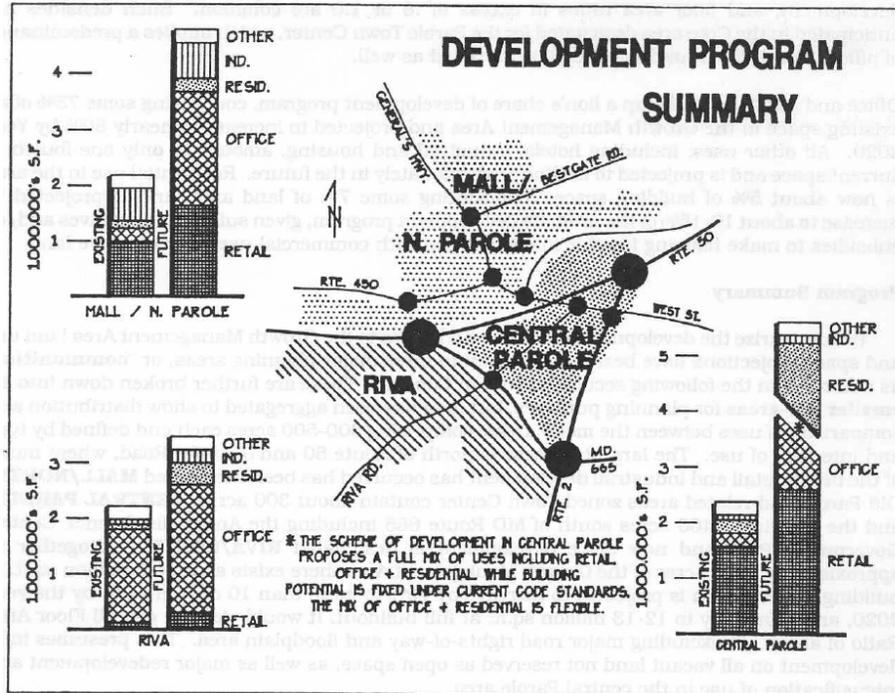
Local government on the other hand, struggles to meet the fiscal demands of new infrastructure. In the 1960's and 1970's, the goal of growth management was to make infrastructure improvements to guide growth. It was then understood that zoning changes would follow in the wake of infrastructure improvements. However, the ability to make those initial investments in infrastructure has been largely undermined by a reduction in federal, state, and county dollars. Compounding

the issue is the fact that taxpayers are refusing tax referenda needed to educate children or other services as they complain about tax bills. Local government is unable to single-handedly raise the money needed to provide

¹ The commercial area in Parole is being expanded to slightly above four million square feet which generally needs a population of 160,000 to support it.

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the infrastructure or services required for the development that continues to arrive. This has created a situation, where government has not kept up with the demand in several key areas: transportation (transit and roads), affordable housing, and water/sewer infrastructure. Hence, there is a perceived need to manage growth.



GROWTH MANAGEMENT IMPLEMENTATION

The city has modest growth with very little of it being greenfield development as much of it is infill or redevelopment. Further, the unincorporated parts of the planning area are in much the same condition, only six point six percent of the planning area was vacant land. Even within the larger service area of the Annapolis/Parole center, which serves the rest of Anne Arundel County, only on the outer fringe is greenfield development present.

Growth management is most difficult in greenfield situations because nearly all the community's infrastructure needs to be expanded to support the new development. In infill and redevelopment, the basic infrastructure is in place. In fact, the primary infrastructure issues are replacement of old infrastructure or local upgrades. The City of Annapolis does not have major infrastructure needs. Schools are also infrastructure, but they are controlled by the County. [Insert more data on the growth management effects of school populations].

With the completion of developments that are currently committed, there is only 732 acres of vacant land in the planning area. Thus, in both the City and County, redevelopment will be the primary vehicle for growth in the coming decades, until

redevelopment becomes the sole means of growth. While there some who do not feel growth is needed, mature communities need to keep renewing themselves. A local example is Inner West Street, which was nearly completely redone over the past 15 years. Obsolete and underutilized buildings were being replaced or rehabilitated to more intensive use, which eliminated blight and crime while simultaneously bringing businesses and revenue to the city.

Adequate Facilities Ordinances

Impact Fees

Acquisition The acquisition of land by local government or conservation non-profit is by far the most effective growth management technique. It takes land out of the development market and provides a local amenity in the form of open space. Where infrastructure costs to support the growth are high and current facilities at or near capacity, it is possible to make the argument that it is cheaper to buy the land, than to raise taxes for new schools, larger or more roads, and other government investments. While a study is needed to demonstrate this in individual situations, this has been proven in many jurisdictions. The problem with this technique is that it is costly, so it cannot be used as a universal solution.

Even within the limits of the Annapolis Planning Area, it would not be a viable to stop all further growth. It is not a good tool for the City of Annapolis because the land that might most effectively be acquired to manage growth is all outside the city limits. It is a tool the County could use with great effect, if it wanted to slow or stop growth in some small areas of the County. It is also a tool that can be wielded during redevelopment negotiations so that rural character can be preserved alongside new development. Linear areas of deed-restricted land along the Forest Drive corridor can create a more naturalistic environment. In fact, several redevelopment options for the vacant land along Forest Drive present forest preservation as a design strategy.

ANNEXATION

There are a number of reasons for annexation. The first and most obvious reason is that it provides a way to grow. Tax base, development control, and special needs are other reasons to annex. Annexation is a process by which a city may expand into surrounding unincorporated areas as demonstrated by the incremental expansion of Annapolis for the past 300 years. During the first half of the 20th century, Annapolis simply expanded into farm land. Since the 1950's, the population of the unincorporated county has been growing dramatically and far faster than Annapolis.

Growth

Annexation is a logical and sound way for cities and towns to grow. While cities always serve a much larger rural area as a commercial node, the city is a logical governmental unit for providing urban services. This is due to the fact that cities have the services (police, fire, waste, etc) and counties often do not, or must get involved in a new service. Once County governments become full urban service communities,



there is competition on the fringe of the cities. This is the case between Annapolis and Anne Arundel County.

Ultimately, this situation results in a city that can only grow through redevelopment. In the next 20 years, this will be the situation for Annapolis. Redevelopment is much more difficult than greenfield development because of the difficulty in assembling land, demolition costs, land costs, and need for increased intensities. Communities that stagnate, both in terms of population and economic opportunities, have significant problems. It is difficult for mature communities to grow when annexation becomes impossible since existing residents or businesses must be displaced to make growth possible. Thus, Annapolis has reason to want to continue to annex land to avoid losing this option for growth. This is clearly a self serving motive, but the economic consequences of being a land locked city are very real.

Economics

Economics is an important issue for cities all over the country. No city can afford stagnation in population and employment. Even if a 300 year old city did not grow, it continues to have to modernize or replace aged infrastructure. State and Federal governments often impose unfunded mandates that burden older communities, because the cost falls on a fixed population and tax base. These burdens are particularly high on Annapolis, because of the very high percentage, approximately 20%, of land that is tax exempt. While many of these institutions are located solely within the Annapolis city limits, they provide cultural, educational, and governmental amenities to the county and state. There is an unequal sharing of burdens and benefits with the local Annapolis tax base suffering as a result.

The resident of the city is also a resident of the county and pays taxes to both. Some of those taxes are matched by services, schools and the courts. In other areas, the city resident pays for county services that are rarely used. Economically, the county suffers no physical losses when land is annexed as the property continues to pay taxes to the county. Thus, in economic terms, the County has no reason to oppose annexation. In fact, it is desirable to have a strong city fiscally.

Control

Control is the nub of the annexation issue. Both City and County see annexation as a positive strategy, gaining of control (traditional city viewpoint), and negative, loss of control (traditional county viewpoint). This issue always cuts both ways: what goes on next door ultimately has an impact on both communities. While at different times the city or county have had superior regulations, and can righteously argue that they should control development, that sentiment is always in flux. A related problem with control, is that appeals to the NIMBY's. They want to stop growth, and thus want control in whichever jurisdiction they live in. The NIMBY does not look at any of the positive elements of growth. The density issue should have been addressed when the neck was first developing. That pre-emptive solution would have lowered the congestion.

There is a major issue between the city and county with development along and south of Forest Drive. Both city and county have different objectives for growth. For Annapolis, it is virtually the only place for new development, so annexation is generally desirable to maximize the City's population and achieve a better fiscal

There are several strategic approaches to managing growth. The first is to direct development into desired areas to minimize the costs of sprawl. The second approach focuses on having adequate facilities. While these approach the problem from different perspectives, ultimately they both need to work together.

balance for providing services. The residents of the peninsula, having settled in a transportation challenged location, do not want growth which makes their trip to work longer. While this effort has focused on Annapolis and its annexation, that is actually in error. The Annapolis Neck residents are going to be tremendously impacted as the overall region continues to grow, not just Annapolis. The low densities in the County plan are not particularly attractive for the City. The City needs more middle income housing and work force housing that cannot be provided at those densities and will not get built in all infill projects or redevelopment. The City's needs clearly support some level of annexation and an ongoing dialogue with the county is the first step. During this negotiation, the county should focus on working with the City to address the transportation issues that also underlay many of these land use issues.

Problem Solving

Annapolis and Anne Arundel County need to work together in a mutual dialogue to solve many of the issues related to growth and annexation. Annapolis has some problems that annexation can directly address. For instance, like many older cities, Annapolis has a high concentration of subsidized housing. In fact, the City is carrying a large burden with this issue. As discussed in the housing chapter, Annapolis has 50 percent of the public housing in Anne Arundel County. This comprises 6.8 percent of the total housing units in Annapolis, as compared to .06 percent of the total housing units in the county. This is a real burden on the City for multiple reasons. Much of the public housing stock will near the end of its practical life span in the next 20 years and need replacement. This is a very serious problem. Ideally, the County would step in and replace some of it in unincorporated areas near the employment areas or perhaps even acquire some existing buildings. This would enable the city to have redevelopment of the abandoned sites. If the County will not step in, this is a strong reason for the City to annex as much land as possible to aid in addressing this need without assistance.

Annapolis and Anne Arundel County need to work together in a mutual dialogue to solve many of the issues related to growth and annexation.

Annapolis has approximately 20 percent of its land tax exempt compared to ___ percent for Anne Arundel County. Annexing non-residential land is an important strategy for the City to try and provide a better tax base to serve its residents.

Transit is a very important service to Annapolis and its planning area. The Annapolis-Parole area has great potential to be a real urban place. However, for that to work, transit needs to be frequent, pleasant, and inexpensive. The subsidy level is not forthcoming from the Federal and State governments. Whether the county and City can agree to beef up funding is unknown. In absence of a county-city funding, the need for money is an additional incentive for the City to annex to increase its revenue base.

Annexation Policy

What should be the City's annexation policy? At this point all options are open from a decision not to annex further land to an aggressive annexation policy. With the groundwork that is laid here there needs to be a discussion of where the City should be going with this.

