

Residential Development Trends Inside and Outside of Priority Funding Areas (PFAs), 1940-2007

The Planning Data Services Division within the Maryland Department of Planning has created a consistent geospatial database of improved single-family residential parcels of 20 acres or less from 1940 thru 2007. This database allows for the analysis of residential development patterns inside and outside of Priority Funding Areas (PFAs) for the entire 68-year time span.

PFAs are existing communities and places where local governments want State investment to support future growth. (See [Map 1](#).) PFAs are further broken out into PFA “no comment” areas and PFA “comment” areas. The PFA comment areas are locally, but not State certified, PFAs and thus are not looked upon as favorably from a statewide smart growth perspective.¹

Since the implementation of the Smart Growth Laws in 1999², there has been no overall increase in the statewide share of improved residential parcels located inside of PFAs.³ In fact, the shares of improved residential parcels inside PFAs since 1999 are some of the lowest over the last 68 years.

Additionally, there has been no consistent reduction in the percentage of improved residential acres developed outside of PFAs since 1999. Only in overall average lot size, where there has been a slight decrease – and only during the last few years – has there been some recent sign of improvement. However, this decrease in average lot size, which corresponds to the peak of the housing boom in 2006, is probably due more to the rising costs of land than to any policy initiatives. And, despite the decline in average lot sizes outside of PFAs, the average lot size outside of PFAs is still seven times as large as the average lot size inside of PFAs.

Long-Term Statewide Perspective - Parcels

2007 represents the seventh year in a row that the share of single-family improved residential parcels inside of PFAs fell below 70.0 percent. The 2007 share (68.8 percent) was slightly above the 2006 share (68.5%) and in line with five of the previous six years. (See [Chart 1](#).)

By decade, the highest share of single-family residential development inside PFAs occurred during the 1950s (89.8%). (See [Chart 2](#).) In the 1950s Maryland experienced its first wave of post WWII suburbanization, which chiefly involved out migration from the central cities (e.g. Washington, D.C. and Baltimore City) to the surrounding inner ring of suburbs (Montgomery and Prince George’s counties in the case of Washington, D.C. and Baltimore and Anne Arundel counties in the case of Baltimore City).

¹ PFA comment areas represent only a fraction of single-family residential development statewide, but are a significant share of residential development in three counties: Wicomico, Washington and Frederick counties.

² 1997 Priority Funding Areas Act, with implementation by 1999

³ All Analysis for inside PFA development excludes PFA comment areas. That is, development in PFA comment areas are added into “outside PFA” development activity.

The smallest share of single-family residential development inside of PFAs occurred during the 1970s and in the current decade (thru 2007), both at 68.9 percent. (See [Chart 2](#).) The 1970s were the beginning of the second major wave of suburbanization in Maryland. In this case, the predominant migration path of residents was from the four inner suburban jurisdictions to an outer suburban ring, including Calvert, Charles, Howard, Carroll and Harford counties. In the current decade, out migration continued from the outer suburbs to a third tier of counties, including, Washington County in the Western Maryland Region and Cecil County in the Upper Eastern Shore Region.

As a result of continued out migration from the central cities and inner suburbs over the last six decades, the *cumulative* percent of improved single-family improved residential parcels has continued to drop, going from nearly 90 percent in the 1950s to 77.9 percent by 2007. (See [Chart 3](#).)

Long-Term Statewide Perspective - Acres

Whereas the majority of single-family improved residential parcels are inside of PFAs, the overwhelming majority of acres associated with residential development are outside of PFAs. In 2007, just over three-quarters (76.1%) of all acreage associated with single-family improved residential parcels were located outside of PFAs, despite the fact that only 31.2 percent of parcels were located there. (See [Chart 4](#).) The acreage share in 2007 did represent the third consecutive year of declining acreage shares outside of PFAs from a recent high point of 79.2 percent in 2004. This recent decline is due to smaller lot sizes outside of PFAs (see the discussion below on average lot size).

By decade, the share of acreage for single-family improved residential parcels was lowest in the 1950s (39.3%) when development outside the PFA was at its lowest. Since the 1980s, development outside of PFAs has encompassed at least three-quarters of all single-family residential acres, with the highest share (77.8%) in the current decade thru 2007. (See [Chart 5](#).)

As a result of generally increasing shares of single-family residential acres being developed outside of PFAs, the *cumulative* share of acreage developed since 1940 reached 68.1 percent in 2007, compared to a low point of 40.9 percent in 1956. (See [Chart 6](#).)

Long-Term Statewide Perspective – Average Lot Size

There is a stark contrast in the average lot size for single-family improved residential parcels in and out of PFAs. In 2007, the average lot size outside of PFAs (1.8 acres) was seven times the average lot size inside PFAs (0.26 acres). (See [Chart 7](#).) As large as this difference is, it has been larger in the past as the average lot size outside of PFAs has been slowly shrinking since the early 1980s. In the early 1980s, the average lot size outside of PFAs was 10 times the average lot size inside of PFAs. (See [Chart 8](#).)

By decade, average lot sizes outside of PFAs were smallest during the 1950s (1.36 acres) and largest in the 1980s (2.23 acres). So far this decade, average lot sizes outside of PFAs have shrunk to just below two acres (1.92 acres). (See [Chart 9](#).)

Inside PFA lot sizes have averaged a quarter-acre this decade, slightly above averages over the previous two decades. Inside PFA lot sizes peaked in the 1960s at one-third of an acre – a period of rapid suburbanization in the four inner suburban jurisdictions.

Despite the smaller average lot size outside of PFAs in the current decade, the overall average lot size for single-family residential parcels are higher this decade (0.77 acres) than in any of the previous six decades. (See [Chart 10](#).) This is due mainly to the higher share of parcels developed outside of PFAs this decade and to a lesser extent the slightly larger average size of inside PFA parcels.

Pre and Post Smart Growth PFA Law

The 1997 Priority Funding Areas Act designated certain areas as Priority Funding Areas and set up criteria to establish future PFAs. PFAs represented areas in which the overwhelming majority of growth was to occur and the State would channel the bulk of its infrastructure dollars into the PFAs.

These PFA boundaries needed to be submitted by jurisdictions (counties and municipalities) by October 1, 1998 and be in place by the beginning of 1999. The following analysis compares single-family residential development activity during the nine years in which the “Smart Growth Law” was in operation (1999 thru 2007) with the prior nine years (1990 thru 1998).

The percent of single-family improved residential parcels developed inside of PFAs actually fell during the nine-years in which the Smart Growth PFA law was in effect compared to the prior nine years. From 1999 thru 2007, only 69.1 percent of the improved single-family residential parcels were located inside of PFAs, while during the 1990-1998 period just over three quarters (75.2 percent) of this type of development was located inside of PFAs. (See [Chart 11](#).)

Similarly for acreage, a higher share of the single-family improved residential acres was located outside of PFAs in the 1999-2007 period (75.6%) than in the prior nine-years (73.3%). (See [Chart 12](#).)

The biggest change in lot size over the past nine years has been outside of PFAs. During the 1999-2007 period, the average lot size outside of PFAs (2.06 acres) was about 10.0 percent smaller than in 1990-1998 (2.29 acres). Within PFAs, average lot sizes were slightly larger in the post Smart Growth PFA era than in the prior period (0.24 acres vs. 0.23 acres). (See [Chart 13](#).) Overall, because of the greater share of single-family improved residential parcels outside of PFAs, the overall average lot size increased 6.9 percent (from 0.72 acres to 0.79 acres) between the two, nine-year periods.

Pre and Post Smart Growth PFA Law: Jurisdiction Parcels

During the 1990 to 1998 period the share of single-family improved residential parcels ranged from 14.4 percent in rural Garrett County to 93.1 percent in Prince George’s County. (See [Chart 14](#) and [Map 2](#).) In general, the jurisdictions with the highest shares inside of PFAs were inner and outer suburban jurisdictions located in Central Maryland – Howard (85.1%), Harford (84.7%), Baltimore (84.6%), Montgomery (84.2%), and Anne Arundel (81.0%) counties. Jurisdictions with the lowest share of single-family improved residential parcels inside of PFAs were mostly rural counties such as Dorchester (22.0%), Caroline (24.8%) and Wicomico (28.2%), but also included a few fast-growing counties – St. Mary’s (37.2%), Queen Anne’s (50.4%) and Calvert (52.9%) counties.

There were some similarities in the share of single-family improved residential parcels in the pre and post Smart Growth PFA Law era. During the 1999 to 2007 period, Garrett County still had the lowest share inside PFAs and Prince George’s County the highest share. Additionally, the largest shares were still in

the suburban counties in Central Maryland and the lowest shares in the more rural counties on the Eastern Shore. (See [Chart 15](#) and [Map 3](#).)

However, there were a number of significant changes in PFA share in the latter nine-year period. In total, 11 jurisdictions showed increases in inside PFA development and 12 experienced decreases.⁴ The largest decline in the share of single-family improved residential parcels inside PFAs occurred in Charles County, which went from 65.9 percent to 54.0 percent - a drop of 11.9 percentage points. (See [Chart 16](#) and [Map 4](#).) Charles County showed explosive population growth during this decade, with significant immigration from Prince George's County. For Prince George's County, although it had the largest share of single-family improved residential development inside of PFAs in both nine-year periods, the 1999-2007 share of 81.6 percent was 11.5 percentage points below the earlier period's share. Calvert County, which had the fastest rate of population increase in the State since 1999 also showed a very significant drop in its share of single-family residential parcels developed inside of PFAs (-10.6 percentage points).

Of the counties which had increased shares of inside PFA development, the largest gains tended to be in the more rural jurisdictions. These jurisdictions experienced a surge in residential development activity, atypical of their recent past, which was driven to a large extent by decreasing affordability by homebuyers in the Central Maryland. This decreasing affordability in the Central Maryland jurisdictions led to more development pressure in the rural counties on the Eastern Shore which were seen as a more affordable alternative. Such was the case for the six counties with the largest increases in inside PFA development, including Dorchester (+20.9 percentage points), Caroline (+14.3 percentage points), Talbot (+13.5 percentage points), Wicomico (+9.0 percentage points), Cecil (+8.0 percentage points) and Kent (+7.2 percentage points). Despite these increases in share, however, all but Talbot County still had total shares of single-family residential development inside of PFAs in the 1999-2007 period that were among the lowest in the State. Only Talbot County's share in the latter period (70.6%) was higher (and only slightly at that) than the overall statewide average (69.1%) during the latter nine-year period.

Jurisdiction Acres

The share of acres consumed outside of PFAs is mostly the opposite of the shares of parcels developed inside of PFAs. During the 1990-1999 period, nearly all of the improved single-family residential acres in Garrett County (95.8%) were outside of the PFAs, highest in the State, while Prince George's had by far the lowest share (35.2%), corresponding to Garrett's lowest share and Prince George's highest share of improved residential parcels inside of PFAs. In general, the largest share of acres developed outside of PFAs were in the rural counties on the Eastern Shore, while the smallest shares tended to be in Central Maryland suburban jurisdictions, with a few exceptions (e.g., Allegany and Worcester). (See [Chart 17](#).)

In the post Smart Growth PFA Law period, Garrett County still remained at the top and Prince George's at the bottom of outside PFA acreage shares. (See [Chart 18](#).)

In all, 13 jurisdictions had increases in the share of single-family improved residential acres developed outside of PFAs in the 1999-2007 period, while 10 had declining shares. (See [Chart 19](#).) There is

⁴ All of Baltimore City is a PFA, so "inside PFA" development is 100.0 percent in both time periods.

somewhat of a correlation between the change in the share of acres developed and the change in share of where parcels were developed. For example, nine of the 11 jurisdictions which had a decrease in single-family residential parcels developed outside of PFAs in the 1999 to 2007 period also had a decrease in the share of acres developed outside of PFAs (the exceptions being Carroll and Garrett counties which had a greater share of acres consumed outside PFAs, but a smaller share of parcels). Prince George's, which had the second largest percentage point increase in outside PFA single-family residential development, also had the largest increase in the share of single-family residential acres developed outside of the PFAs (from 35.2 percent for 1990-1998 to 48.9 percent for 1999 to 2007).

On the opposite end, Dorchester County had the largest drop in the share of outside acreage developed, corresponding to its largest share of increased single-family residential parcels developed inside of PFAs.

Jurisdictions – Lot Size Inside of PFAs

Even inside PFAs, average lot sizes for single-family improved residential parcels can vary significantly among jurisdictions. The largest inside PFA lot size averages in the 1990-1998 period were in Somerset (1.01 acres) and Allegany (0.93 acres) counties, five or more times larger than the 0.17 acre average for the two suburban jurisdictions with the smallest lot sizes, Baltimore and Anne Arundel counties.⁵ (See [Chart 20](#).)

For the most part, the more rural counties have by far the largest single-family improved residential parcels inside PFAs, while the three older suburban jurisdictions of Baltimore, Anne Arundel and Montgomery have the smallest average lot size.

Average lot sizes inside PFAs decreased in most jurisdictions in the 1999 to 2007 period compared to the prior nine-year period. (See [Chart 21](#) and [Chart 22](#).) The largest declines were in the rural jurisdictions of Caroline, Talbot and Dorchester which had much stronger residential growth in the 1999 to 2007 period than was the case over the past several decades.

Jurisdictions – Lot Size Outside of PFAs

Average lot sizes outside of PFAs also vary significantly among Maryland's jurisdictions. In the 1990 to 1998 period, the average lot sizes varied from a low of 1.28 acres in Anne Arundel County to a high of 4.30 acres in Allegany County. (See [Chart 23](#).) Unlike lot sizes inside PFAs, however, there is not much of a match between how developed a jurisdiction is and the average lot size. Both rural and suburban jurisdictions have relatively low and high average lot sizes outside of PFAs.

Average lot sizes outside of PFAs have been trending downward and this is reflected in the jurisdiction data for the 1999 to 2007 period, where 18 jurisdictions had at least some decline in average lot size. (See [Chart 24](#) and [Chart 25](#).) In four of the five largest lot size declines, the share of improved residential parcels outside of PFAs increased during the 1999-2007 period, including in two jurisdictions with the most dramatic declines, Charles (-0.70 acres) and Howard (-1.09 acres) counties. The tighter supply and

⁵ Baltimore City, which is totally inside a PFA, had an average lot size of 0.8 acres.

rising cost of easily developable land outside of PFAs in a strong housing market – as occurred thru the mid-point of this decade – were probable factors in the declining lot sizes for these jurisdictions.

In contrast, three of the four jurisdictions which had increases in average lot sizes outside of PFAs had increasing shares of single-family improved residential development occur outside of PFAs, including Allegany (+.21 acres) and Worcester (+.21 acres).

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