

## Meeting Notes

Ad Hoc Subcommittee

March 21, 2009

Present: Bill Swenson, Jerry Davenport

The Subcommittee discussed the factors that we believe might influence growth and development during the next 20 years and make the following observations:

Our historic rate of growth of the last 20 years is about 2.8% to 3.0% per year. It appears to be tapering toward the former but that is based on “Estimates” that are only somewhat reliable. We will know better when the 2010 Census is available in 2012. Our original projection was based on a “shift-share” methodology which marks the County’s percentage of population over the Chicago SMSA’s population. The percentage is calculated as a growth percentage changing over time.

1. **Factors that Could Increase Growth.** The biggest factor that might affect growth and development is “safety concerns” of the metropolitan area when confronted by serious terrorist attacks either in Chicago, or in other metropolitan areas – Los Angeles, New York, Miami, etc. We feel that such an attack might cause an unprecedented demand on development in the County, well beyond anything we have ever experienced. We also believe that Arab/US relations are precarious and unlikely to change. If an attack were to occur, we may experience unprecedented growth for several years.
2. **Factors that Could Increase Growth.** Transportation has been a strong negative factor for the County during the past 20 years. We do not believe it is likely to be a negative factor in the future. As the County has grown in the southeast in response to weak access from I-90, we believe that it will grow much stronger in the future as the next wave of vacant lands in the I-90 corridor comes into play (much of which is for the first time in our County). In addition, a second bridge over the Fox River in Algonquin will greatly improve travel times to the major employment corridors. The eventual extension of IL-53 to IL-120 and its connection with US-12 should make access to major existing employment areas from Richmond more attractive. Lastly, improvements to the rail corridors, coupled with a Transit-Oriented development should spur development in towns with rail stations. McHenry County has three rail corridors, all of which have major improvements planned. Historically, we have been a County of families, however, ready rail access may make us more attractive to young couples without children and retired persons.

3. Factors that Will Sustain Historic Growth. McHenry County is perceived by families as a very safe place to live. It is part of our attractiveness. Chicago is generally regarded as the most violent metropolitan area in the US. While violence in Chicago has decreased in the past 10 years, perceptions have not changed. We believe that safety has played a part in the past, and is likely to continue to play the same role in the future.
4. Factors that Will Sustain Historic Growth. McHenry County is perceived as having above average educational opportunities at the elementary and secondary education level. Compared to Naperville and other suburban areas in Lake and Kane County, our schools lag behind. If we were to achieve the educational standards accorded us by the populace, we believe our growth rate would increase. But we don't expect a substantial change here. We expect the future to be a repeat of the past – failed referendums, large classroom sizes, a disappointing percentage of teachers without masters degrees, etc. The addition of a four-year college would have a minor increase in growth.
5. Factors that Will Not Substantially Influence Growth. Land values in the County reflect the potential for residential development. Even the land values in the far western part of the County are typically in the \$8,000 to \$10,000 per acre range. These numbers are well above what agricultural lands in the more rural mid-west are like. We think this will get worse. Increased demands for agricultural products will not offset this fact.
6. Factors that Will Not Substantially Influence Growth. The future is likely to see a dramatic increase in energy costs. Our \$4.00 a gallon gasoline of 2008 is likely to be a fact of life in the next decade. We do not believe that this factor will substantially influence growth and development. It might affect a family where the principal wage-earner has already moved to a 50 mpg vehicle and finds the costs unworkable, but for most families we believe that the next affect of more expensive fuel is a vehicle with better gas mileage, not a home closer to work. On the other hand, time spent traveling to work might have an affect on growth and development in the County. Increased fuel costs might actually improve that situation as people move to car-pooling and mass transit.
7. Factors that Will Not Substantially Influence Growth. The corollary of the above is whether creating more employment in the County will result in more persons living in the County. Ironically, that might be true but not because of the transportation costs. It seems unlikely that any benefits that might accrue from a strong economic development program would influence growth and development except during the last five or ten years of the period.
8. Factors that Will Substantially Decrease Growth. The effects on growth and development from a sustained economic recession or growth period are more difficult to assess. The existing recession has a lot in common with the 1980-83 recession in that both halted residential development, which is a major driver in

our local economy. The County came out of that recession in a growth mode, but was not in one before that time. Based on our impressions of other areas that went through that period, we suspect that growth, when it comes out of the recession, will be fairly strong but that this will be followed by another steep recession caused by inflation. Our concern is that the future will have more dramatic ups and downs making it more difficult to predict the future and to plan for it. We also fear that the extreme swings may create problems in the delivery (availability and quality) of work. It is hard to say if the building trades will adequately recover locally following this recession. If this scenario occurs, it should reduce our growth rate.

9. **Factors that Will Substantially Decrease Growth.** The availability of attractive land for development in the future may be somewhat different than in the past. In the last 20 years, growth has occurred near municipalities who have competed to take advantage of that growth. The net result is that municipalities improved their water, sewer and road facilities to make them more attractive to commercial development. As growth moves west and north, cities are far apart and not under competition from other municipalities. There may be less incentive to improve infrastructure. We fear lackluster response may create problems with accompanying perceptions that the County is not a desirable place to live. This may reduce the growth rate.
10. **Factors that Will Substantially Decrease Growth.** During the period 1995-2005, McHenry County was a good value. This perception has probably disappeared. Many of our communities adopted steep impact and building fees in the face of substantial demand. When the demand reappears, those fees which will remain unadjusted notwithstanding a substantial decrease in housing costs may contribute to a perception that housing is too expensive. That perception may cut into our growth rate when the recession ends.

**Conclusion.** In general, we believe that our original projection of 2.4% growth rate over the planning period is reasonable, especially in light of a 1980-83 style recession, and which we suspect might last another one or two years. If we had a crystal ball and could predict a few items, we could make a better projection. We live in difficult times.