



Planning Commission MEETING AGENDA

Thursday, August 7, 2025 - 5:00 PM
Council Chambers, Easton Town Office
14 S Harrison Street

- 1. Welcome**
- 2. Review of Task Force Recommendations**
 - a. Review of Task Force Recommendations.
- 3. Formatting of the Final Report**
- 4. Joint Council-Task Force Workshop**
- 5. Adjournment**

EXECUTIVE SUMMARY

The Housing Task Force Final Report provides an analysis of the Town of Easton (Easton) housing landscape, demographic shifts, economic trends, and affordability challenges. The report also expands on the demographic, market, and workforce overview briefly provided to the Task Force at their May 23, 2024 meeting. Any data-driven insights provided herein are intended to inform housing policies and initiatives recommended by the Attainable Housing Task Force, aimed at ensuring equitable and sustainable housing opportunities.

A. Population and Demographics

Easton, Maryland has experienced a striking transformation in its demographic and housing landscape over the most recent decades. From 1980 to 2010, Easton underwent a period of rapid expansion, nearly doubling its population from 7,536 to 15,945—a growth rate averaging 2.53 percent annually. This boom sharply contrasted with the modest increases seen in previous decades (with the exception of the decade between 1960 and 1970) and was supported by a robust housing development pipeline, with planned communities like Cooks Hope, Easton Club, Easton Club East, Douglass Landing, and Mulberry Station reshaping the town’s residential profile and historical development patterns. However, since 2010, this momentum has slowed dramatically. From 2010 to 2020, the annual growth rate dropped to 0.70 percent. Population growth has decelerated further to just 0.06 percent annually between 2020 and 2023.

The alignment in population and housing unit growth from 2000 to 2023 suggests a period of stability, with each growing at approximately 1.7 percent annually. Yet this equilibrium conceals deeper shifts in who lives in Easton and the types of homes being built. The housing market has remained heavily weighted toward single-family detached homes, which account for 61 percent of all units, while more affordable and flexible housing types—duplexes, triplexes, and townhomes—make up just a fraction of the market. Multi-family units make up only nineteen percent of all units. Between 2000 and 2023, the number of detached units grew by 1,176, while only 84 new units were added in the missing middle housing category. This lack of diversity in housing stock poses challenges for affordability and for accommodating different household types, including young professionals, single adults, multigenerational families, and retirees looking to downsize. The low percentage of one-bedroom homes in Easton (16%) also suggests a limited supply of smaller, more affordable units.

Demographic data reveals a profound age shift, as Easton has become increasingly dominated by older adults. While 21.5 percent of residents are under 18, Easton has the lowest share of 18–24 year-olds among comparable jurisdictions on the middle eastern shore and has seen a 40 percent decline in residents aged 25–44 since 2000. Outside of Talbot County, Easton’s share of 35–44 year olds (9.6%) is also the lowest among comparable jurisdictions. In stark contrast, the share of residents over 55 has risen sharply, now comprising nearly 39 percent of the population. In fact, the decline in residents aged 25–44 since 2000 was offset by a 42 percent increase in the share of the population aged 55 and older. The median age climbed from 38.4 in 2000 to 44.8 in 2020. For the White population, the median age has reached 53.5; markedly older than the median age for Black residents (39.4) and especially for Hispanic residents

(24.9). These age gaps signal that Easton’s racial and ethnic groups are living at very different stages of life within the same town, which in turn affects everything from housing preferences (including multigenerational housing) to economic priorities and social services. These shifts also point to a growing need for age-appropriate housing, such as smaller homes, accessible units, and assisted living options. At the same time, the decline in younger adults suggests affordability barriers, with high housing costs, and limited starter-home and rental inventory pushing younger households to seek opportunities elsewhere. In addition, this age disparity may lead to diverging political and planning priorities. Older residents may favor preservation and lower-density development, while younger residents may push for affordability and more inclusive growth.

Racial and ethnic composition is also shifting. Easton’s Hispanic population has grown rapidly, from 3.5 percent in 2000 to over 14 percent by 2020, while the Black population’s share declined by nearly 10 percentage points. These demographic changes come with distinct economic and housing needs. Hispanic and Black households tend to have larger household sizes, especially among renters, and face significantly lower median household incomes than White households. In 2023, the median income for Hispanic households was 70 percent lower than that of White households, and for Black households, the gap was even wider at 129 percent. These disparities are reflected in housing tenure: while homeownership rates have climbed among White residents to 69 percent, only 29 percent of Black households and 24 percent of Hispanic households own their homes. Renting remains dominant among these groups, underscoring persistent barriers to homeownership. These income disparities are also compounded by a housing market skewed heavily toward larger, single-family homes, which are often out of reach for lower-income (and younger) families.

The economic profile of Easton reinforces these trends. While Easton’s median household income of \$73,460 exceeds nearby cities like Cambridge and Denton, it falls well below the state median of \$98,678 and trails neighboring Talbot (\$84,378) and Queen Anne’s (\$113,347) Counties. Although 37 percent of households earn over \$100,000, a similarly large segment—also 37 percent—earn less than \$50,000. This income split, paired with a shortage of affordable housing types, creates tension in the housing market, particularly for low- and moderate-income families, younger adults, and minority populations.

Household structure data further highlights the growing needs of Easton’s aging population. Twenty percent of all households are seniors living alone—a higher share than in surrounding counties—and over half include someone aged 60 or older. In contrast, only 15 percent are married couples with children. This imbalance between seniors and young families has significant implications for future service and housing needs, including the need for more accessible and smaller-scale housing while ensuring there are sufficient opportunities and support for families with children to stay or settle in Easton.

B. Employment and the Economy

Easton's economic landscape reveals strengths and challenges that are closely tied to the structure of its workforce and the nature of job growth in Talbot County. The most significant sector by employment is Education and Health Services, driven primarily by health care and social assistance. This sector offers wages averaging \$63,241 annually—and includes hospitals, clinics, and nursing care facilities, providing a critical backbone for both employment and essential services in the county. However, most other employment growth has occurred in significantly lower-paying sectors such as Retail Trade, Accommodation and Food Services, and Administrative Support. These sectors together account for nearly half the local workforce but offer average annual wages well below the countywide average.

Between 2010 and 2023, job growth was concentrated in sectors with wages averaging \$45,372, which is 27 percent lower than the countywide average. Sectors like manufacturing and professional services, which tend to offer higher salaries and require more specialized skills, have seen job losses. The average annual wage in these declining sectors is nearly \$80,000—significantly higher than in the sectors gaining jobs. This shift indicates a structural change in Easton's economy away from higher-wage, specialized employment toward lower-wage, service-oriented occupations. While sectors like Arts and Entertainment did see growth, these gains were limited and wages modest, averaging just over \$37,000 annually.

The implications are clear; as Easton's population has grown, especially among retirees and remote workers, its economy has not kept pace in job creation. Since 2000, Easton's population grew by more than 5,400 people—a rate of 1.69 percent annually—while job growth in Talbot County grew at only 0.18 percent annually, adding just 717 jobs. This mismatch means that many new residents are not entering the local labor market but are instead bringing income from other sources. As a result, housing demand is increasingly decoupled from job creation. Developers have focused on building larger, more expensive homes aimed at wealthier residents, pricing out many workers in Easton's growing service sectors. Workers earning below \$40,000 annually—who make up 53 percent of the workforce—are especially affected. These income levels are far below what is required to afford market-rate housing in Easton, compounding the community's affordability crisis.

This disconnect is further exacerbated by the aging of Easton's workforce. From 2000 to 2024, the share of workers aged 55 and over nearly doubled, from 15 percent to 30 percent. Meanwhile, the share of prime working-age residents (25–44) fell sharply. This reflects both the broader demographic shift and the exodus of younger workers likely driven by housing costs, fewer high-paying job opportunities, and a perceived lack of amenities attractive to young professionals. The loss of younger, mid-career talent weakens the labor force but also dampens the potential for entrepreneurship.

Adding further strain is Easton's dependence on in-commuting labor. Only 19 percent of Easton's workforce both lives and works in town. The remaining 81 percent live outside municipal limits, with a substantial share commuting from neighboring counties. In Talbot County as a whole, 42 percent of the workforce commutes from outside the county, compared to significantly lower rates in nearby counties. Since job growth has been flat while population growth has been historically strong, this commuting pattern is not being driven by a local job boom. Instead, it reflects the inability of lower-wage workers to

live in the communities where they work; which adds to local traffic congestion and increases infrastructure strain.

Talbot County's reliance on outside labor, especially from Caroline, Dorchester, and Queen Anne's counties, has grown by 18 percent since 2000. Job growth between 2000 and 2015 correlated directly with an increase in commuters from these counties, and while commuting dipped slightly during the 2020 downturn, the overall trend remains upward. This increased dependence on an external labor force signals a need for a more regionally coordinated approach to housing, transportation, and workforce development.

Ultimately, Easton and Talbot County must confront a dual economic reality: a service economy increasingly reliant on lower-wage sectors, and a housing market increasingly geared toward wealthier, non-working residents. This imbalance threatens long-term economic sustainability. Addressing it will require a multi-pronged strategy that includes increasing the availability of affordable workforce housing, attracting higher-wage industries, and supporting skill development and entrepreneurship. Without meaningful intervention, Easton risks deepening the disconnect between its economic base and its resident population—leaving workers, employers, and fiscal sustainability at a disadvantage.

C. Housing Market

While the number of housing units has grown in near lockstep with population growth from 2000 to 2023, affordability has sharply declined. This contradiction becomes clear when examining trends in home prices, rental rates, and the relationship between housing costs and income growth.

The data shows that Talbot County's housing market has mirrored national patterns, peaking in 2006, collapsing during the Great Recession, and recovering slowly until 2016. However, since 2020, the market has surged again. Home values in Talbot County rose by 43 percent between 2020 and 2024, reaching a Zillow Home Value Index (ZHVI) of \$478,000. In Easton specifically, the increase was equally pronounced—home values rose 31 percent since 2020, pushing even the least expensive homes out of reach for many households. For instance, homes in the 5th to 35th percentile range now exceed \$300,000, which is unaffordable for households earning below the area median income (AMI) of roughly \$98,000 for a family of four.

While average home values offer broader context, the divergence in affordability is most acute among detached single-family homes. These units experienced an 84 percent price increase between 2000 and 2010, a further 16 percent increase from 2010 to 2020, and another sharp jump of 35 percent since 2020. This escalation disproportionately affects first-time homebuyers and those in lower-income professions, such as education, food services, and healthcare support roles. Even townhomes and attached units—typically considered more affordable—have seen steady price increases, indicating that supply constraints are not limited to a single housing type.

The housing cost-to-income ratio underscores the severity of this affordability crisis. In 2000, the ratio of median home price to income in Talbot County was 3.03. By 2024, it rose to 4.4, a level widely considered to indicate housing unaffordability. Notably, during the decade from 2010 to 2020, income growth slightly outpaced home price increases, providing temporary relief. But this trend has since reversed. From 2020 to 2024, home prices rose by 32.6 percent, far outpacing income growth at 21.2 percent. This growing disparity confirms that Easton’s housing market is once again becoming increasingly out of reach for middle- and working-class families.

Easton’s rental market reflects similar dynamics. While the rental vacancy rate has remained relatively stable at 5.3 percent—a rate generally considered healthy—the homeowner vacancy rate has plummeted to 1.4 percent, indicating a tightening market. This imbalance suggests that homeownership opportunities are increasingly limited, particularly for younger adults and lower-income households. The fact that Easton’s median rent has consistently exceeded those in Denton and Cambridge underscores its status as a premium rental market in the region. The most dramatic increase occurred between 2000 and 2010, when rents soared by 74 percent, coinciding with a housing construction boom focused largely on detached homes—offering little in the way of affordable rental inventory.

Despite recent multi-family developments in the pipeline, the limited construction of affordable rental units since 2000 continues to constrain options for those earning below \$45,000 annually. More critically, there is an acute shortage of housing affordable to extremely low-income households—those earning less than \$25,000 per year—who are at heightened risk of homelessness or in need of transitional housing. These residents face a market where even entry-level rentals are out of financial reach.

The data shows that rising rents in Easton are not just a result of supply and demand. Instead, they are being driven by changes in who is moving to town. Many new residents are retirees, remote workers, or people with independent income who aren’t tied to local jobs. These groups can often afford to pay more for housing, which pushes up prices for everyone, even if local wages haven’t kept pace.

Overall, Easton’s housing market is becoming more divided. Prices are going up, affordable homes are in short supply, and income gaps are growing. This makes it harder for working families and younger adults—especially those in lower-paying jobs—to afford a place to live.

D. Housing Affordability

Easton’s housing affordability challenges are becoming more acute and wide-ranging, affecting both homeowners and renters across income levels, age groups, and racial and ethnic backgrounds. One of the clearest signs of this pressure is the high number of cost-burdened households—those spending more than 30 percent of their income on housing. In 2023, half of all Easton renters fell into this category, compared to 29 percent of homeowners. The burden is especially severe for lower-income renters: 83 percent of those earning less than \$50,000 annually are cost-burdened, limiting their ability to afford other basic needs and threatening housing stability.

The data shows that middle-income households are not immune. Even among those earning close to or at

the Area Median Income (AMI), the cost of housing is stretching budgets. For example, owner-occupied households earning \$75,000 or less are much more likely to be cost-burdened than those earning more (62%). Age is another factor—older renters (and homeowners) are increasingly vulnerable to housing cost burden and face increasing housing strain due to fixed incomes, health-related expenses, or loss of a partner. Even younger renters, many of whom are early in their careers, are significantly affected, which may impact their ability to save for a down payment or move toward homeownership.

Racial disparities deepen the picture. Hispanic households face the highest levels of cost burden in Easton, with 82 percent of Hispanic homeowners and 69 percent of Hispanic renters spending more than 30 percent of their income on housing. More than half of Hispanic renters are severely cost-burdened, meaning they spend over half their income on rent. Black homeowners and renters also face disproportionate levels of cost burden, particularly among those who are severely burdened. These patterns point to broader inequities, including disparities in income, credit access, and housing choice, and they highlight the urgent need for targeted interventions that address affordability gaps by income and race.

The affordability gap is also reflected in home prices. A family of four earning 100 percent of Easton's 2024 AMI (\$98,065) can afford a home priced at about \$277,000, assuming a conventional mortgage and standard housing cost assumptions. Yet the median home sale price in Easton is now \$450,000—38 percent higher than what a typical middle-income family can afford. Even the average price for an attached home, such as a townhome, exceeds the affordable threshold by 21 percent. For many households to afford even a modest home in Easton, they would need to earn approximately \$137,000 annually—well above the median income for most professions in Easton.

The rental market shows similar gaps. Fair Market Rents (FMRs) set by HUD, which guide housing assistance programs, are well below actual market rents in Easton. As of early 2025, the average rent for a three-bedroom apartment is \$2,400, while the maximum affordable rent for a family earning 60 percent of AMI is \$1,471. Even one-bedroom apartments are out of reach for these households, creating serious affordability challenges for those on fixed or modest incomes. With a median monthly rent of \$2,549—27 percent higher than the national average—Easton has become one of the more expensive rental markets on Maryland's Eastern Shore.

The lack of affordable housing is especially problematic given the broader demographic and economic context: a growing population of older adults on fixed incomes, younger adults priced out of homeownership, and significant racial and income disparities in housing burden. Easton's housing market is not aligned with the needs and incomes of a large segment of its workforce and population. Without expanded housing options—such as below-market rentals, affordable starter homes, and subsidized units—these disparities will continue to grow.

E. Exclusionary Zoning

Easton and the broader Talbot County region face deep challenges in addressing housing affordability, and exclusionary zoning is one of the more significant yet least visible contributors. Exclusionary zoning

refers to land use regulations that restrict the kinds of housing allowed in particular areas, often through rules that appear benign—such as large minimum lot sizes, limitations on building height, or bans on multi-family housing—but that have the effect of limiting who can afford to live there. These policies, even if well-intentioned or designed to preserve a certain neighborhood character and environmental feature, can effectively exclude lower-income residents and reinforce patterns of economic and racial segregation.

Consider the example of a half-acre lot zoned only for single-family homes. A developer might otherwise have the option to build a modest starter home, a group of townhomes, or a large luxury home. Yet restrictive zoning rules eliminate the first two options, leaving the developer with no financial incentive but to construct a high-end, high-cost home. This type of land-use policy distorts the market by funneling housing production into the upper-income tier, even if there is far greater demand for smaller, more affordable options like townhomes, duplexes, or accessible one-level units for aging residents.

This disconnect between zoning policy and housing need has broader implications. While Easton and Talbot County do have a market for large, upscale homes—often targeted toward retirees or second-home buyers—there is an equally critical need for housing that serves teachers, healthcare workers, restaurant staff, young families, and others. These essential workers are being priced out of the communities they serve. More diverse housing—both in form and price—could meet this demand, but only if zoning codes allow for it.

In the unincorporated areas of Talbot County, the situation is even more constrained. The County's comprehensive plan prioritizes environmental protection and rural preservation, including limits on sewer expansion and strict land-use controls. While these goals are important, they are implemented through zoning that bans all but single-family detached homes and mandates very low-density development with large lot sizes and low building heights. These constraints limit housing supply, drive up land and construction costs, and make it virtually impossible to build affordable or workforce housing outside of town centers. The result is a spatial concentration of high-income households and a de facto form of housing segregation.

This segregation isn't just economic—it has racial and social implications as well. Figures from the 2020 Census illustrate that areas with the highest home values also have the lowest concentrations of Black and Hispanic residents.

Elsewhere in the county, growth potential is limited. The towns of Oxford and St. Michaels have minimal land available for future development, and large-scale projects like Lakeside at Trappe—which will eventually include around 2,500 homes—have not required any affordable housing provisions. Despite its scale, the Lakeside project was approved without conditions that would ensure housing for lower- and moderate-income households, missing a critical opportunity to introduce affordability.

Altogether, Talbot County's current zoning and development policies restrict housing diversity and concentrate affordability challenges in Easton. Without reform, these policies will continue to drive up housing costs, deepen socioeconomic divisions, and reduce the availability of homes for workers and

families essential to the community's health and sustainability. percent

F. Key Insights from the Easton Comprehensive Plan and Housing Surveys

Easton's housing challenges are also reflected in public sentiment, policy goals, and the direct experiences of local businesses. As early as the 2010 Comprehensive Plan, Easton recognized a pressing shortage of affordable housing, particularly in the entry-level and move-up segments. The Plan cited growing segregation of housing types, with new development catering largely to higher-income buyers, and raised concerns about a growing reliance on a commuter workforce. Service and labor employees, the Plan noted, often could not afford to live in the town they worked in, weakening Easton's sense of community and economic cohesion.

To address this, the Plan explicitly called for the adoption of Inclusionary Zoning—a policy requiring a share of affordable units in all residential developments above a certain size threshold. The intention was to create a more consistent pipeline of affordable housing rather than relying on negotiations with developers. The Plan also included a set of supportive housing objectives: ensuring a physical mix of housing types to promote visual integration and neighborhood diversity, increasing density to support walkability and infrastructure efficiency, and expanding housing opportunities for low-income families through partnerships with the Talbot Housing Authority.

Public attitudes appear to be aligned with these goals. A 2022 survey conducted by American Strategies found that a majority of Talbot County residents view the lack of affordable housing as a major concern. Over two-thirds of respondents believe the County has too little housing for young adults, lower-income households, and service workers. Moreover, 67 percent supported requiring developers to include sub-market-rate units in new housing projects, and 62 percent favored offering tax incentives to those who do. While support was somewhat lower for measures like easing zoning restrictions or reducing regulatory barriers, majorities still endorsed these reforms—indicating a public that is not only aware of the affordability crisis but broadly supportive of government action to solve it.

Businesses in Easton are feeling the effects just as acutely. According to a 2024 survey by the Talbot County Chamber of Commerce, 85 percent of local businesses agree that Easton lacks sufficient affordable housing, and 83 percent believe that solving this issue would directly benefit their operations. More than half report struggling to attract and retain employees due to long commute times, difficulty filling open positions, rising wage expectations, and high turnover—problems closely linked to Easton's housing market. Nearly one-third of surveyed businesses said they had lost employees in the past year due to housing-related issues.

Employees themselves, according to business respondents, are facing multiple pressures. High rents and mortgage costs, a lack of housing options, long commutes, and in some cases substandard housing conditions are cited as common challenges. Despite this, only 10 percent of businesses offer any form of housing assistance. However, 78 percent said they would support efforts to increase housing affordability in Easton, with strong backing for tax incentives (85%), public-private partnerships (70%), and zoning changes (58%).

Together, these findings from local plans, residents, and the business community paint a clear picture: the demand for affordable and diverse housing in Easton is broadly recognized. Residents want solutions that protect the character of their communities while expanding access to housing. Businesses want a stable, local workforce that can live near where they work. Easton has partially laid out a roadmap in its Comprehensive Plan.

G. Attainable Housing Task Force

Prompted by a January 2024 workshop, the Town Council recognized the need for a coordinated, strategic approach to housing that would go beyond isolated zoning amendments. In February of 2024, they approved a formal Scope of Work and appointed an 18-member task force, drawing on a diverse mix of stakeholders—including local government, nonprofit housing providers, business leaders, architects, and citizen representatives. Over the course of ten meetings throughout 2024, the Task Force developed a robust set of high-priority and supplemental recommendations that form the foundation for a town-wide housing strategy.

The Task Force's work centered on recommending policy, programmatic, and regulatory actions and incentives to further attainable housing in Easton and Talbot County. Recognizing the complex realities of the current housing market, the group supported a suite of practical and targeted actions, including the adoption of an Inclusionary Zoning Ordinance—a regulatory mechanism that would require developers to include a share of affordable units in new residential projects. The ordinance, which went through a rigorous drafting and vetting process, includes key incentives such as density bonuses, limited administrative variances, and alternative compliance options to ensure economic feasibility while protecting community character.

The Task Force also prioritized launching a pilot project for affordable housing on public land, highlighting specific sites like the former Talbot County Health Department and parcels near John Ford Park and Easton's Fire Department. This initiative underscores a willingness to leverage public assets for the public good, especially in a market where land costs are one of the primary barriers to affordable housing development. Collaborating with an experienced affordable housing developer could ensure the selected site delivers well-designed, diverse housing options.

The group understood that building more affordable homes alone is not enough. They identified community resistance—often rooted in misunderstandings about who benefits from affordable housing and what it looks like—as a significant barrier. To combat this, they proposed a broad public outreach campaign that includes a dedicated housing webpage, town hall meetings, and a media initiative to “put a face” to the housing crisis. The campaign would help residents understand that Easton's housing needs span seniors, teachers, retail workers, healthcare staff, municipal workers, police officers, and emergency service providers—not just those traditionally associated with extremely low-income housing.

Zoning reform was another central pillar of the Task Force's recommendations. They proposed legalizing

missing middle housing types like duplexes, townhomes, and cottage courts by right in residential areas, thereby eliminating costly and time-consuming permitting processes. In particular, their detailed diagnostic of existing townhome regulations revealed that current zoning standards are too restrictive to allow efficient, lower-cost housing to be built without a lengthy Planned Unit Development (PUD) approval—discouraging smaller-scale, market-feasible infill. In return for allowing these types of units by right, the Task Force recommended updated dimensional standards and broader use of form-based codes to allow these housing types to integrate seamlessly into Easton’s neighborhoods while still maintaining their character.

The Task Force also called for broader systemic reforms, such as allowing residential uses in commercial districts to support walkable mixed-use development, increasing residential density caps, and adjusting setback and lot size requirements that currently limit efficient land use. These changes aim to break the cycle of suburban sprawl and replace it with town-centric, mixed-income development patterns.

To ensure that affordability persists over time, the Task Force recommended tools to preserve existing units and incentivize new ones. These include tying annexation approvals to affordable housing commitments, reforming accessory dwelling unit (ADU) regulations to allow smaller units and up to two ADUs per lot (with reasonable restrictions), and expanding options for work-live housing types. On the financing side, they proposed creating a Payment in Lieu of Taxes (PILOT) program and exempting affordable projects from impact fees to improve project viability, especially for developments leveraging Low-Income Housing Tax Credits.

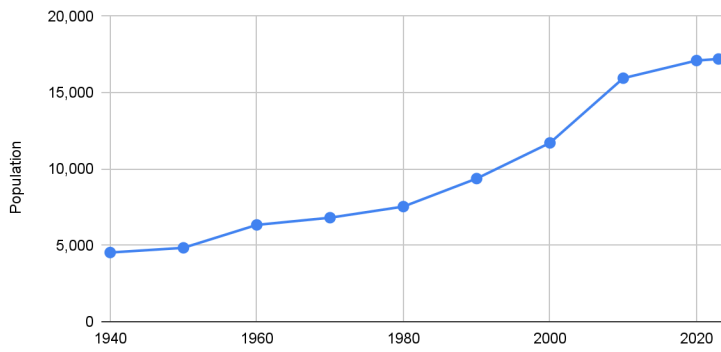
Lastly, the Task Force recognized that meaningful policy implementation requires capacity. They called for the creation of a Housing Specialist position within Easton’s Planning and Zoning Department to administer the Inclusionary Zoning program and other housing initiatives. They also recommended modernizing Easton’s permitting system with cloud-based software to streamline approvals, improve transparency, and reduce time and costs for housing developers.

Together, these recommendations chart a clear path forward. They reflect Easton’s willingness to confront the challenges of affordability with both creativity and discipline—aligning public land, zoning, incentives, outreach, and administrative reform toward a singular goal: creating a town where everyone, regardless of income, has the opportunity to live, work, and thrive.

SECTION 1: POPULATION AND DEMOGRAPHICS

A. Population

Figure 1: Easton Population, 1940 - 2023



Source: U.S. Census Bureau, 2023 ACS 5-Year Estimates and Decennial Surveys

Figure 1 shows Easton's population growth from 1940 through 2023. Notable is Easton's growth in three consecutive decades; 1980 to 2010. During this time, Easton's population approximately doubled in size; from 7,536 citizens in 1980 to 15,945 citizens in 2010. The average annual growth rate during this period was 2.53 percent, which was markedly different in the decades prior going all the way back to 1940. The rapid growth rate increased demand for housing and services, but

was likely offset by an expanded property tax base.

The growth rate prior to 1980 was smaller at 1.71 percent, even when taking into account a 2.74 percent annual growth rate between 1950 and 1960.

Table 1: Easton Population and Annual Growth Rate, 1940 - 2023

Year	1940	1950	1960	1970	1980	1990	2000	2010	2020	2023
Pop.	4,528	4,836	6,337	6,809	7,536	9,372	11,708	15,945	17,101	17,202
% Annual Growth Rate	–	.66	2.74	.72	1.02	2.20	2.25	3.14	.70	.06

Population growth in Easton slowed significantly after 2010. The annual growth rate from 2010 to 2020 was 0.70 percent; a pace of growth that was not seen since the decade between 1960 to 1970. From 2020 to 2023, the annual growth rate slowed even further to 0.06 percent.

B. Housing Units

Table 2 shows the number of housing units from 1940 to 2023 as well as the annual housing growth rate. From 1980 to 1990, the annual growth rate was 3.12 percent. The growth rate dropped the next decade to 1.63 percent but then picked back up from 2000 to 2010 to 3.21 percent. During this decade, Easton added over 2,000 housing units; a 49 percent increase.

Several planned developments were approved and constructed between 1980 and 2010. Major developments included:

- **1980s:** Golton, Mallard Ridge, Pennsfield, Stoney Ridge
- **1990s:** Chapel East (133 lots), Cooks Hope (326 lots), Easton Club (340), Londonderry, Matthewstown Run (184), Papermill Crossing (12), Pennsfield, and Thread Haven
- **2000s:** Ashby Commons (88), Douglass Landing (133), Easton Club East (452), Easton Village (250), and Mulberry Station (208)

Table 2: Easton Housing Units and Annual Housing Growth Rate, 1940 - 2023

Year	1940	1950	1960	1970	1980	1990	2000	2010	2020	2023
Units	1,606	1,870	2,304	2,680	3,376	4,592	5,399	7,405	7,921	7,905
% Annual Growth Rate	–	1.53	2.11	1.52	2.34	3.12	1.63	3.21	0.68	-0.02

Consistent with the dramatic drop in the rate of population growth since 2010, the rate of growth in the number of housing units decreased dramatically after 2010 with only 500 units having been constructed up to 2023. This drop resulted in an annual growth rate of 0.50 percent.

Figure 2 shows the correlation between the growth in population and housing units from 1940 to 2023. Figure 3 shows the correlation in the rates of population and housing unit growth during the same time period. During the 1980s, the growth in the number of housing units outpaced the growth in population; housing supply exceeded demand. The 1990s saw the rate of population growth increase to meet the oversupply of housing.

Figure 2: Easton Population and Housing Units, 1940 - 2023

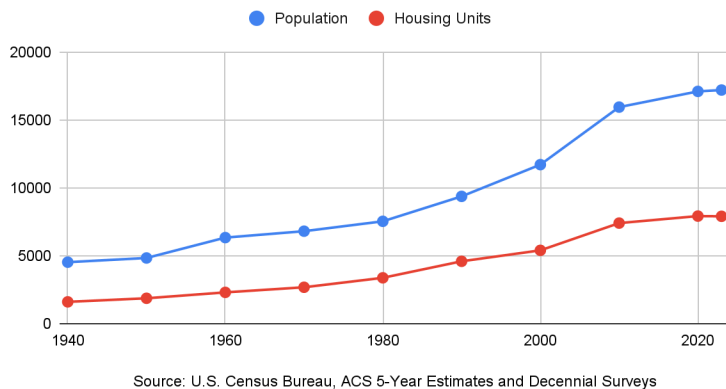
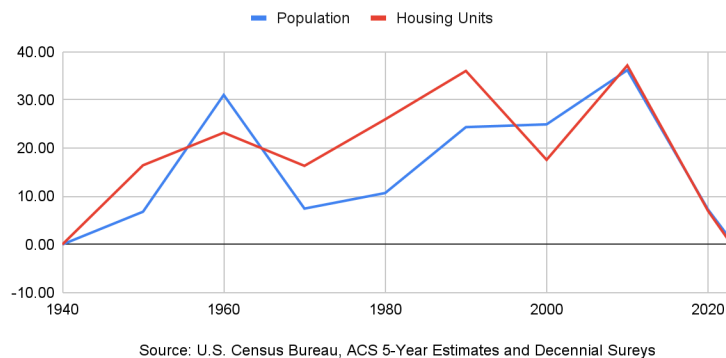


Figure 3: Easton Population and Housing Units Rate of Growth (%), 1940 - 2023

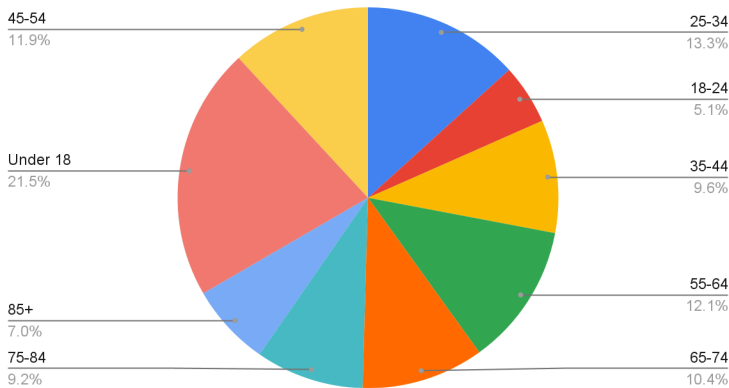


What is notable is that the period from 2000 to 2023 was one of a balanced and stable housing market. During this period, Easton's population grew at a rate of 1.69 percent annually while the number of housing units grew at an annual rate of 1.67 percent. This balance was reflected even after Easton's growth slowed dramatically after 2010.

While the growth rates are aligned, it's important to assess whether the types and location of housing being built since 2010 meets the needs of all segments of the population, especially for lower-income residents and renters, and whether Easton's housing costs are rising faster than incomes. By doing these assessments, it will allow the town to make informed decisions about future housing policy.

C. Age

Figure 4: Easton Age Distribution, 2023 ACS 5-Year Estimates



Easton's largest percentage of the population is persons under 18 years of age at 21.5 percent; generally consistent with percentages in comparable jurisdictions. The notable exception is Talbot County where the percentage is considerably lower at 18.75 percent¹.

Easton's share of 18-24 year olds is the lowest of any comparable jurisdiction at approximately 5 percent of the population. In comparison, the percentage of 18-24 year olds in Cambridge is approximately 7 percent and the percentage in Denton is approximately 11.5 percent. Easton's share of 35-44 year olds, at 9.6 percent, is also the lowest among comparable jurisdictions outside of Talbot County. Denton's share is approximately 14 percent and Cambridge's share is approximately 13 percent. Interestingly, Easton's share of people between the ages of 25-34 (13.3%) exceeds comparable jurisdictions with the exception of Cambridge (14.2%).

Easton's share of older adults is also greater than comparable jurisdictions. Approximately 16 percent of the population is 75 and older. In comparison, the percentages in Cambridge and Denton are approximately 8 percent and 6 percent respectively.

Figure 5: Easton Age Distribution - 2000 and 2023

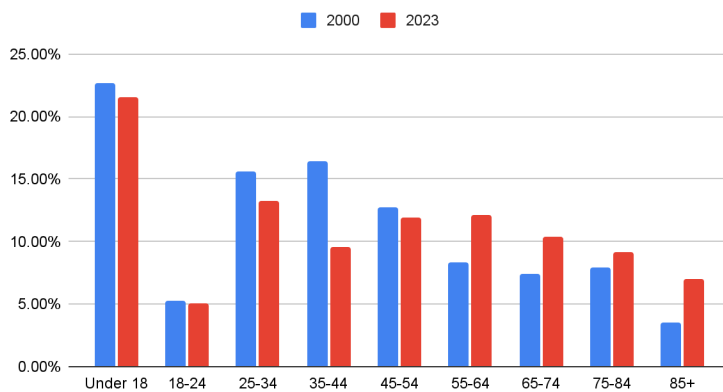


Figure 5 shows that the population in Easton of people aged 55+ increased nearly 42 percent since 2000, with the largest increase occurring between 2000 and 2010. In 2023, the older population in this bracket comprised nearly 39 percent of Easton's population; far outpacing Denton (28%) and Cambridge (32%) and exceeded only by Talbot County as a whole (45%).

Figure 5 shows that the population in Easton of people aged 55+ increased nearly 42 percent since 2000, with the largest increase occurring between 2000 and 2010. In 2023, the older population in this bracket comprised nearly 39 percent of Easton's population; far outpacing Denton (28%) and Cambridge (32%) and exceeded only by Talbot County as a whole (45%).

¹Comparable jurisdictions in the background report include the Town of Denton, City of Cambridge, and the counties of Caroline, Dorchester, Queen Anne's and Talbot.

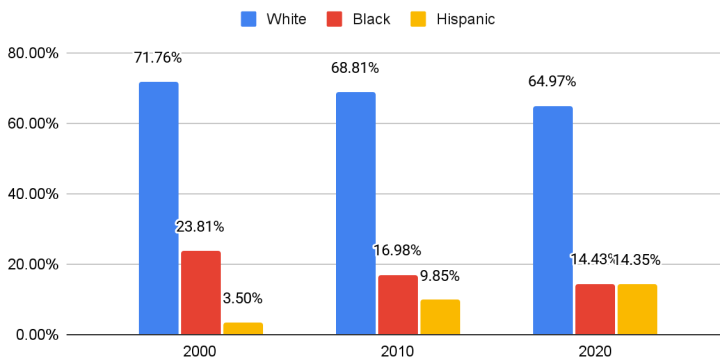
On the flipside, the percentage of younger adults between the ages of 25 - 44 has declined 40 percent since 2000. As previously stated, the period from 2000 to 2020 saw a historically high increase in population with the approval of several planned developments including Ashby Commons, Douglass Landing, Easton Club East, Easton Village, and Mulberry Station. In addition, approved projects in the 1990s were still undergoing full build-out. For younger adults just entering or early into their careers or working in lower-wage positions, the prices of these larger homes constructed in most of these communities were most likely out of reach.

In summary, while Easton has a significant percentage of residents under 18 years of age, aligning with comparable jurisdictions, the extremely low percentage of 18-24 year olds is a major red flag, indicating a clear lack of opportunities for young adults. The 40 percent decline in the 25-44 age group is a serious concern, suggesting that families and mid-career professionals are leaving Easton. Affordability may be a major factor driving the out-migration of younger adults as the majority of new housing developments approved during this period were focused on larger single-family homes not designed for the younger workforce.

The rapid increase in the 55+ population since 2000 is a major demographic shift. Easton is clearly becoming an aging community, with a shrinking younger adult population. The increase in older adults could create demand for senior housing and services.

D. Race/Ethnicity

Figure 6: Easton Percentage of Population - 2000 - 2020, U.S. Census Bureau Decennial Surveys



The fastest growing racial/ethnic demographic in Easton over the last two decades, in both raw numbers and percentage, was the Hispanic population. The population grew from 3.5 percent of the population in 2000 to 14.35 percent of the population in 2020. During these two decades, the Black declined as a percentage of the population by 9.3 percent and the White population declined by 6.79 percent.

Figure 6 shows the changes in the racial profile of Easton’s population in the last two decades. The representation of the Hispanic population increased substantially. In 2000, Hispanics represented 3.5 percent of the total population. In 2020, the share of the Hispanic population increased to approximately 14 percent. During that same time period, the representative share of the Black population declined significantly, from approximately 24 percent in 2000 to 14 percent in 2020. Although the white population increased in total numbers, their representative share of the population dropped by approximately 7 percent.

The significant growth of the Hispanic population could lead to increased demand for housing types, such as affordable rentals, and preferences that cater to larger families or multigenerational households. It's important to understand any differences in household incomes between the three demographic groups, as well as trends in housing prices, to determine whether affordability challenges are disproportionately affecting the Black and rising Hispanic populations in Easton.

E. Median Age

Table 3: Median Age

	2000	2010	2020
Median Age (Easton)	38.4	41.2	44.8
Median Age (Maryland)	36.0	38.0	38.8

Source: United States Census Bureau, 2020 Decennial Census

Easton's median age has steadily increased from 2000 to 2020, reflecting the town's overall aging trend. From 2000 to 2020, the median age in Easton increased from 38.4 years to 44.8 years (Table 3)². The 2020 median age in Easton was higher than Maryland's median age of 38.8.

Figure 7: Easton Median Age, U.S. Census Bureau Decennial Surveys

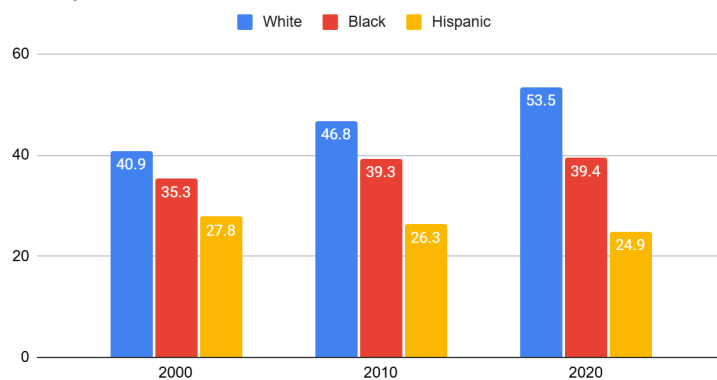


Figure 7, however, shows significant disparities in median age when broken down by race and ethnicity. The Hispanic population had a very young median age in 2020 at 24.9 years. The Black median age in 2020 was 39.4 years. When factoring out the median ages of the Black and Hispanic populations, the median age for the White population in 2020 was much higher than the overall Easton median age of 44.8 at 53.5 years. In fact, since 2010, the median age for the White population increased by nearly 7

percent.

The age disparities highlight the need for a diverse housing stock that can accommodate the needs of different age groups. Given Easton's high cost of housing (see the Housing Affordability section below), younger families may face affordability challenges in finding suitable housing. The very young median age of Hispanic households suggests potential demand for more affordable family-friendly housing, such as larger rental units or starter homes. There may also be a need for housing that accommodates multigenerational families.

² In Talbot County, the 2020 median age was even higher at 50.7 years.

The significantly higher median age (53.5 years) of the White population also indicates a need for senior-friendly housing options. Seniors on fixed incomes may struggle with housing affordability, particularly when balancing those costs with the costs of healthcare, prescription drugs, groceries and other essential needs and services. In addition, downsizing their homes are desired by many seniors due to the loss of a spouse, an absence of school-aged children, or living in a house that no longer fits their current needs or abilities. Affordable senior housing options, such as smaller, more manageable homes or apartments for downsizing; accessible housing with features that accommodate mobility challenges; and assisted living facilities or retirement communities and programs to assist with housing costs, may also need to be prioritized.

F. Households and Families

Figure 8 shows that Easton has a relatively low percentage of married couple households with children in Easton (15%); lower than Maryland’s 18 percent. However, Easton has more married couple households with children than Cambridge (8%) and Denton (10%) as well as the Counties of Dorchester (10%) and Talbot (13%). Queen Anne’s (20%) is the only comparable jurisdiction that exceeds Easton’s percentage.

Figure 8: Easton Household Type, 2023 ACS 5-Year Estimates

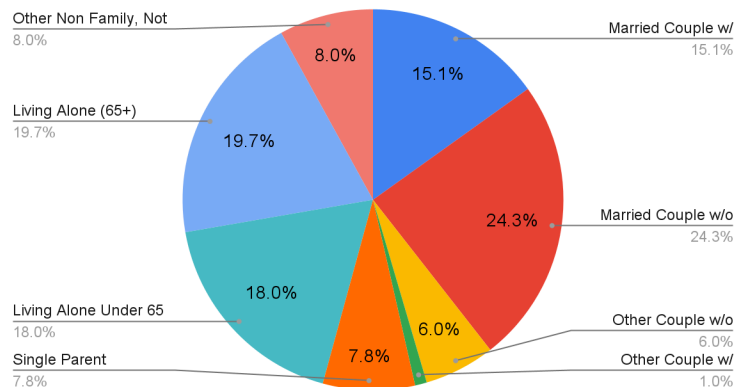
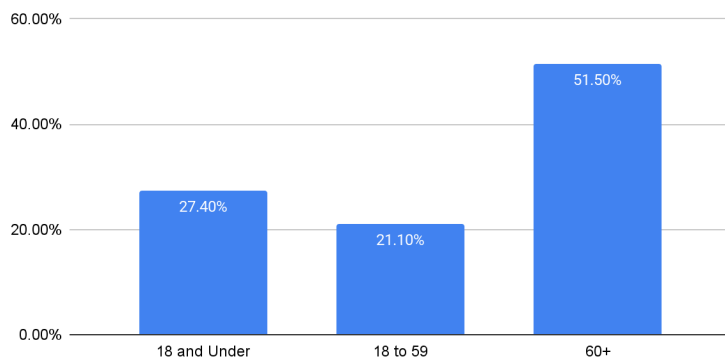


Figure 8 also shows that the number of householders aged 65 and older living alone in Easton is 20 percent. This percentage exceeds Talbot County (19%), Cambridge (18%), Dorchester (16%), Denton (15%), and Queen Anne’s County (12%). The percentage significantly increases when considering households with one or more individuals aged 65 or older; the percentage increases to 40 percent.

Adding households with one or more people 60 years and over increases the percentage to 52 percent (Figure 9).

Figure 9: Easton Selected Household Type, 2023 ACS 5-Year Estimates



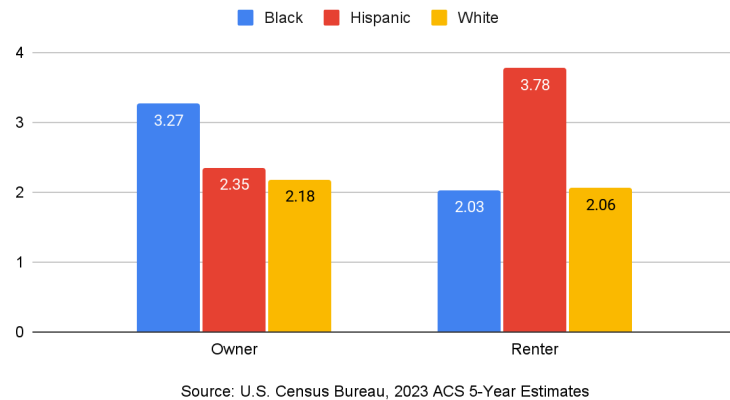
The breakout of the types of households in Easton further reinforces the trend of Easton becoming an aging community. The high number of senior individuals living alone could create a demand for smaller, more manageable housing options, as well as assisted living or senior care facilities. Conversely, The lower percentage of families with children might indicate a

lack of suitable or affordable housing for this demographic.

G. Household Size

The average household size in Easton has increased from 2.14 in 2000 to 2.31 in 2020. However, when breaking down the average household size for owner and renter occupied units by race and ethnicity, there are fairly large discrepancies (Figure 10). The average household size for Black households in owner occupied units (3.27) are significantly larger than the overall average. For renter occupied units, Hispanic households have a far larger average household size (3.78) than black and white renter households.

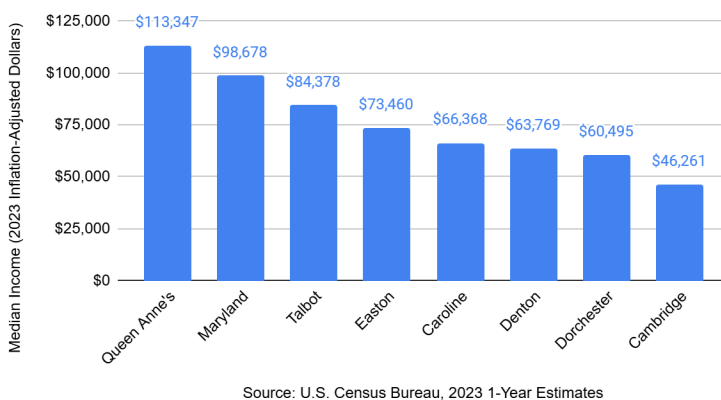
Figure 10: Average Household Size of Occupied Housing Units



The larger household sizes among Black homeowners and Hispanic renters, who may already be facing economic disparities, indicate a greater need for affordable larger housing units, such as multi-bedroom homes or apartments. A lack of these types of units could potentially lead to overcrowding or affordability issues.

H. Household Income

Figure 11: Median Household Income



Easton's Median Household Income (MHI) in 2023 of \$73,460 was lower than the state median income of \$98,678 (Figure 11). Among comparable jurisdictions, Easton's MHI was surpassed only by Talbot County (\$84,378) and Queen Anne's County (\$113,347). Easton's MHI was 59 percent higher than the City of Cambridge (\$46,261) and 15 percent higher than the Town of Denton (\$63,769).

Figure 12 shows that households earning a median income of \$100,000 or higher comprised 37 percent of Easton's households. This level of income was surpassed only by Talbot County (42%) and Queen Anne's County (56%). Easton has a smaller share of lower income households than Denton and Cambridge. In

Easton, 37 percent of households earned less than \$50,000. This percentage is lower than Denton (42.9%) and Cambridge (52.8%).

Figure 12: Easton Household Income (2023 Inflation-Adjusted Dollars), U.S. Census Bureau 2023 1-Year Estimates

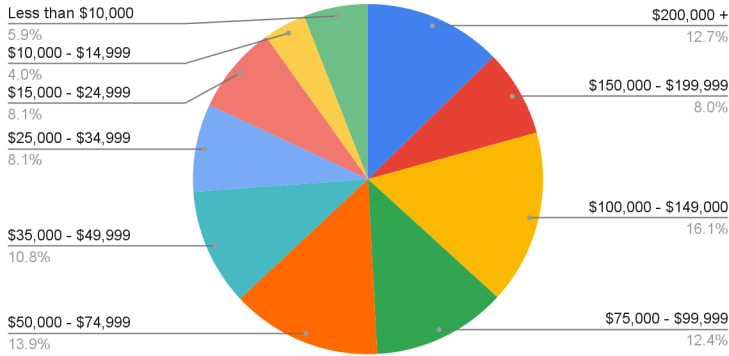
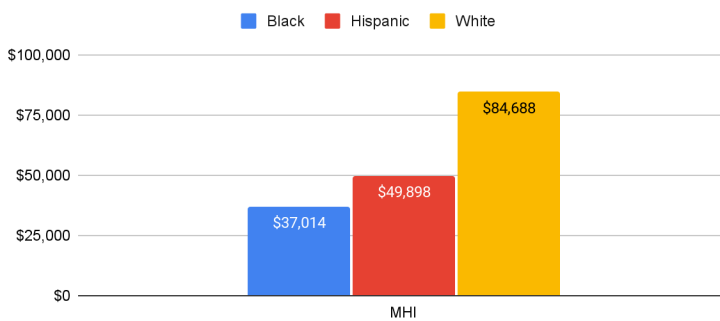


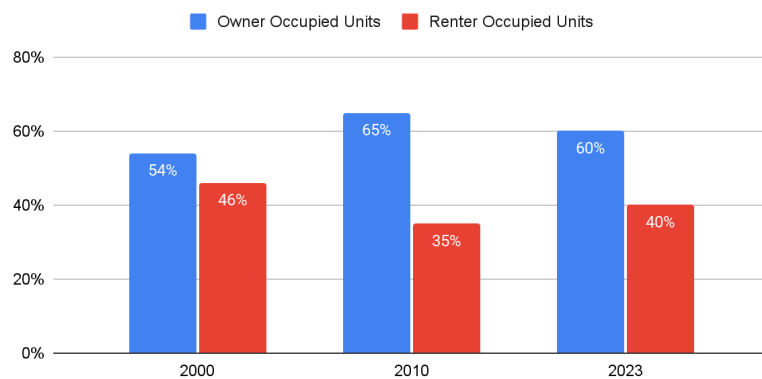
Figure 13: Easton Median Household Income by Race, 2023 Inflation-Adjusted Dollars



Source: U.S. Census Bureau 2023 ACS 1-Year Estimates

percent of householders up to 34 years in age are in renter occupied homes (versus 7% in owner occupied homes) and 39 percent of householders up to 44 years in age are in renter occupied homes (versus 17% in owner occupied homes). However, the trend flips when looking at the housing tenure of householders aged 45 years and up; 83 percent of are in owner occupied homes (versus 61% in renter occupied homes).

Figure 14: Easton Housing Tenure, Decennial Census and ACS 5-Year Estimates



Differences are significant when broken down by race/ethnicity (Figure 13). The 2023 MHI for Black and Hispanic households were 129 percent and 70 percent lower respectively than White households.

I. Housing Tenure

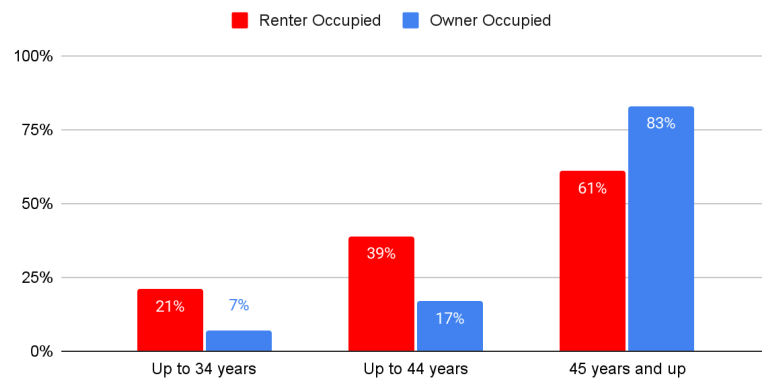
Since 2000, Easton has shifted towards predominantly homeowners. In 2000, 46 percent of the units were renter occupied. In 2023, the number of renter occupied units dropped to 40 percent.

What is interesting is the 11 percent increase in owner occupied units from 2000 to 2010 and then a five percentage point drop by 2023. The percentage drop could be due to several factors including the tighter lending standards post recession and rising home costs.

Regarding tenure by age segments, housing tenure data shows that 21

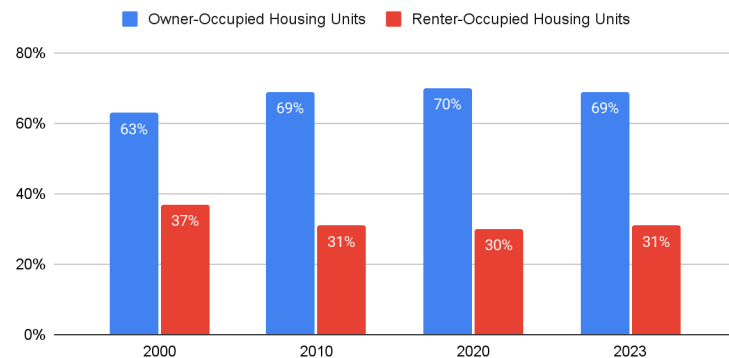
Figure 15 shows that homeownership rates increase significantly with age; younger adults struggle with homeownership in Easton, especially for those just starting their careers who cannot afford the high housing costs in Easton relative to their income. If anything, it impacts the demographic makeup of Easton, as evidenced in the town's relatively high median age; younger adults cannot afford to live here and choose to live where there are greater affordability options.

Figure 15: Easton Tenure by Age of Householder. 2023 ACS 5-Year Estimates



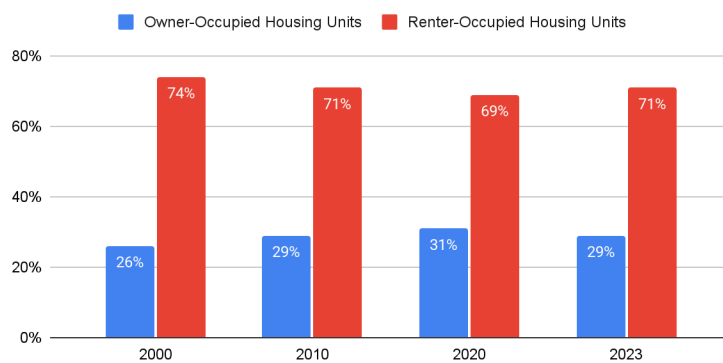
Figures 16 through 19 highlight persistent disparities in housing tenure by race. White households have significantly higher homeownership rates compared to Black and Hispanic households, indicating ongoing challenges in achieving access to homeownership for these two groups.

Figure 16: White Housing Tenure, Decennial Census and 2023 ACS 5-Year Estimates



When looking at trends in owner and renter-occupied housing by race from 2000 to 2023, homeownership is consistently the dominant tenure type for White households throughout the period. Homeownership rates for White households show an overall increase from 63 percent in 2000 to 69 percent in 2023, with fluctuations in between.

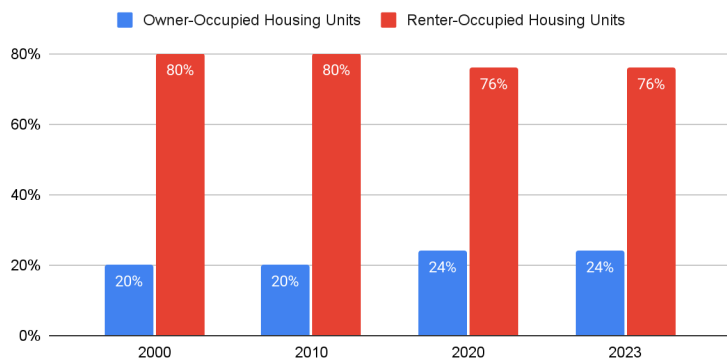
Figure 17: Black Housing Tenure, Decennial Census and 2023 ACS 5-Year Estimates



Renting is more prevalent than homeownership for Black households. Since 2000, homeownership rates for Black households show a small positive trend toward increased homeownership over the years (increasing from 26% to 29%). However, renting remains a significant tenure type for this group.

Hispanic households are the most predominant renters in Easton (76%); suggesting that this group also faces significant barriers to homeownership. Although homeownership rates for Hispanic households showed a small increase from 20 percent in 2000 to 24 percent in 2023, it remains the lowest among the three groups.

Figure 18: Hispanic Housing Tenure, Decennial Census and 2023 ACS 5-Year Estimates



J. Housing Type

In Easton, single-family detached homes dominate (61%). The potentially more affordable missing middle housing types of duplexes, triplexes, and fourplexes combined comprise just 12 percent of occupied units. Single-family attached housing, or townhomes, are often considered more affordable housing options than single-family detached homes. In Easton, this housing type comprises only 8 percent of homes.

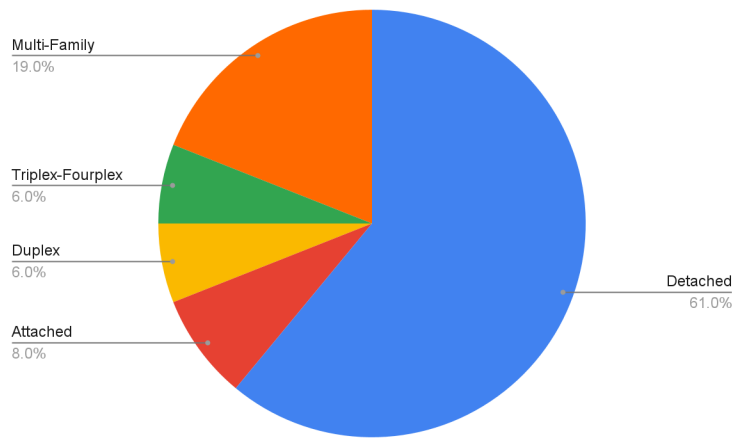


Table 4 below shows that, from 2000 to 2023, the number of single-family detached units increased by 61 percent, with 1,776 new units built during that period; outpacing the number of single-family attached units built (212). The number of units in the middle housing types of duplexes, triplexes, and fourplexes actually increased the

least (84 units).

Table 4: Easton Housing Types, 2000 vs. 2023

Column 1	2000	2023	Change
SFD	2,889	4,665	1,176
SFA	417	629	212
Middle Housing	831	915	84

Source: Decennial Census and 2023 ACS 5-Year Estimates

The data indicates the lack of housing diversity in Easton. The limited availability of middle housing and townhomes, coupled with the significant growth in single-family detached homes, suggests potential affordability challenges in Easton. Single-family detached homes are often more expensive (see Section 3 below), which limits housing options for different household types at different income levels.

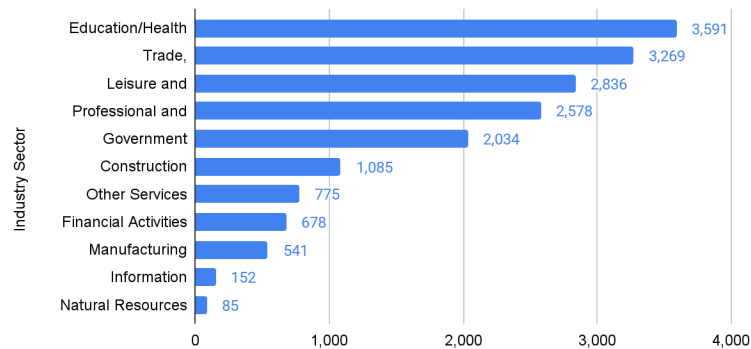
The significant growth in single-family detached homes also suggests potential urban sprawl and development patterns that prioritize this housing type. Approximately 19 percent of homes in Easton have four or more bedrooms. Homes with two to three bedrooms comprise 65 percent of homes. Only 16 percent of homes in Easton are one bedrooms or less.

The low percentage of 1 bedroom or or less units suggests a limited supply of smaller, more affordable units, which poses challenges for younger individuals, young couples, and retirees looking to age in place but are seeking to downsize from their larger homes.

SECTION TWO: EMPLOYMENT AND THE ECONOMY

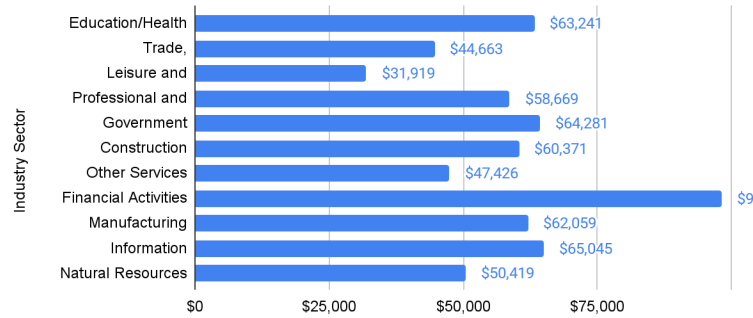
A. Employment

Figure 20: Jobs by Industry Sector: Talbot County, 2023



Source: Maryland DOL, Quarterly Census of Employment and Wages

Figure 21: Average Wage by Industry Sector: Talbot County, 2023



Source: Maryland DOL, Quarterly Census of Employment and Wages

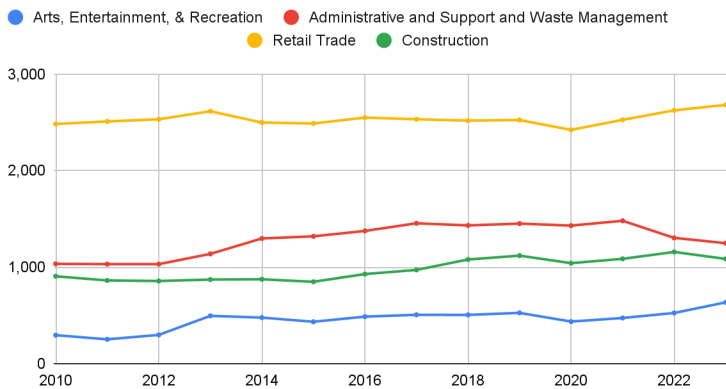
Using the Quarterly Census of Employment and Wages (QCEW) published by the Maryland Department of Labor, the largest number of jobs in Talbot County are in the Education and Health Services supersector with an average annual pay of \$63,241; close to the national average wage of \$67,320. The sector of Health Care and Social Assistance comprises 95 percent of the workforce in this supersector. The types of jobs in this sector include ambulatory health care services, hospitals, and nursing and residential care facilities. Social assistance is also included in this sector because of the difficulty to distinguish between the boundaries of this activity. The services provided by establishments in this sector are typically delivered by trained professionals.

The second largest supersector in Talbot County is Trade, Transportation, and Utilities. The sector of retail trade comprises 74 percent of the workforce in this supersector. Retail trade is one of the lower wage subsectors in Easton with an average annual pay of \$37,048. This sector comprises two main types of retailers: store and nonstore retailers. Store retailers operate fixed point-of-sale locations, but also include after-sales services such as repairs and installations. Nonstore retailers differ in their methods, in that they reach customers and market merchandise through methods such as advertising, catalogs, door-to-door solicitation, in-home demonstrations, portable street stalls, and vending machines. Food and beverage, gas stations, clothing and accessories, general merchandise, sporting goods, book, and music stores are included in this sector.

The third largest supersector in Easton is Leisure and Hospitality, which employs 16 percent of the workers in Talbot County. The Accommodation and Food Services Sector comprises 78 percent of the workforce in this supersector. This sector provides customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption and includes both accommodation and food services establishments because the two activities are often combined at the same establishment. The Talbot County average annual pay of \$30,369 is the lowest of any sector. The types of jobs include those employed in full- and limited service restaurants including cooks and other food preparation workers, managers, and wait staff in food service establishments; and housekeeping and janitorial workers; desk clerks; lodging managers; maids; and housekeepers associated with lodging establishments.

The fourth largest supersector is Professional and Business Services, which employ 14 percent of workers in Talbot County with an average annual pay of \$58,669. Jobs within this category include legal services; accounting; architectural, engineering and related services; and company management. The sector of

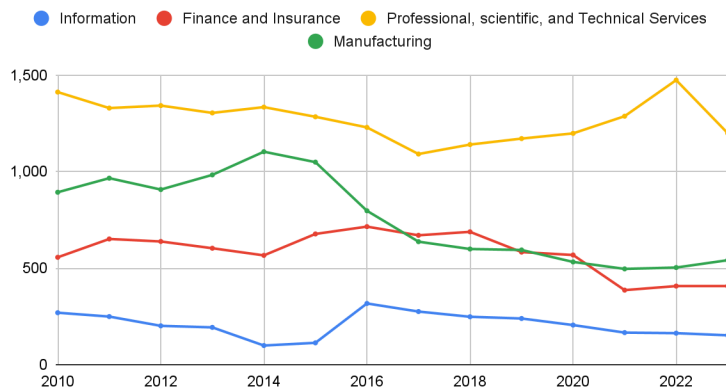
Figure 22: Talbot County Select Job Gains by Sector



Administrative Support and Waste Services is also included. The sector employs 7 percent of Talbot County residents and includes office administration, facility support, security services, and other business support services. Waste services include employment in waste collection, treatment, and disposal. The Administrative Support and Waste Services sector has a lower average annual pay than the overall subsector at \$46,773.

The sectors of Retail Trade; Accommodation and Food Services; Arts, Entertainment and Recreation; Administrative and Support and Waste Management; and the Other Services sector comprise 42 percent of Talbot County’s workforce with an average annual pay of \$39,782; this amount equates to 73 percent of the average annual pay for all industry sectors.

Figure 23: Talbot County Select Job Losses by Sector



The largest job gains from 2010 to 2023 were in Arts and Entertainment (340), Administrative Support and Waste Services (214), Retail Trade (198) and Construction (180). The 2023 average annual pay for these four sectors was \$45,372.

(213), Finance and Insurance (149), and Information (117). The 2023 average annual pay in these four sectors was \$79,941.

The four largest sectors with job losses during the same period were in Manufacturing (352), Professional, Scientific, and Technical Services

These figures show a shift in Talbot County towards lower-paying sectors. The four largest job gains by sector averaged an annual pay that was 27 percent lower than the overall average annual pay for all sectors (\$54,397). Conversely, the sectors with the largest job losses had a significantly higher average annual pay at \$79,941. Since 2010, Talbot County’s economy has shifted from jobs that require more education and specialized training towards jobs that do not necessarily require specialized skills or more higher education training, including service-oriented occupations. The outlier is Arts, Entertainment, and Recreation, which includes jobs that are part of the creative economy and professions in the performance arts; writing; painting; photography; and employees associated with museums, parks, and recreation centers. The average annual pay in this sector is \$37,294.

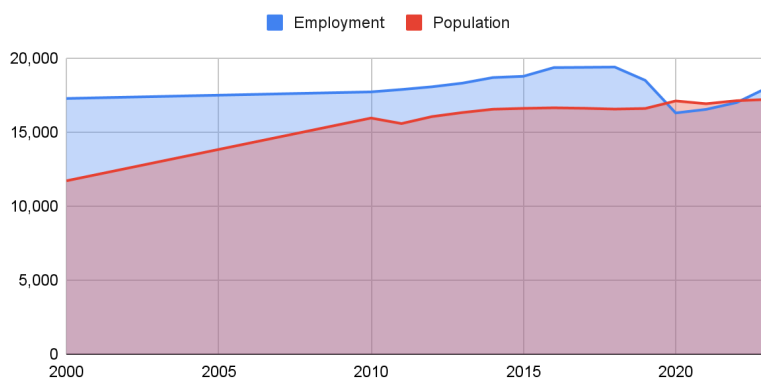
A significant portion of Talbot County’s workforce (42%) is concentrated in sectors with lower average annual pay such as Retail Trade (\$37,048) and Accommodation and Food Services (\$30,369); highlighting the significant role these lower-paying industries play in Easton's economy. The concentration in lower-paying job sectors that typically offer limited growth potential makes it harder to afford housing in Easton where homes are increasingly expensive to buy or rent, especially when employees in these service sectors often desire to live close to their places of employment. The lower average wages in these sectors means limited budgets for transportation. Since retail and hospitality jobs tend to be concentrated in specific areas, such as the shopping centers and the downtown area in Easton, employees living close to these areas can increase access to job opportunities and make it easier to find employment within walking or biking distance. Lastly, jobs in these sectors often involve shift work, irregular hours, or on-call scheduling. Living close to work can be essential for accommodating these unpredictable schedules and ensuring workers can get to their jobs on time.

It’s important to note that, despite the growth in jobs by sector described above, overall job growth in Talbot County since 2000 has remained flat. From 2000 to 2023, Talbot County gained 717 jobs; an annual growth rate of just 0.18 percent. Several factors may have contributed to the relatively stagnant job growth, including a lack of economic diversification strategies. Another factor is that it is challenging to attract new industries, or retain existing businesses, if it is difficult for employers to find a workforce that can afford to live in the County.

From 2000 to 2023, Easton gained 5,494 residents at an annual growth rate of 1.69 percent³. The significant population growth, in comparison to the flat job growth, creates challenges such as the inability to capture more tax revenue from commercial development to offset the higher strains on infrastructure caused by the increased population; commercial development tends to cost less in services than residential development as they demand less in services.

However, the results of the comparison between job and population growth since 2000 also indicates that the demand for housing is not being driven by new job creation but rather from: retirees, those with independent income sources, remote workers, and residents commuting to jobs in neighboring jurisdictions. The demand from retirees and others may explain the increased unaffordability of homes constructed during this period as developers were meeting a market demand for larger homes from households with higher incomes.

Figure 24: Talbot County Employment vs. Easton Population: 2000-2023

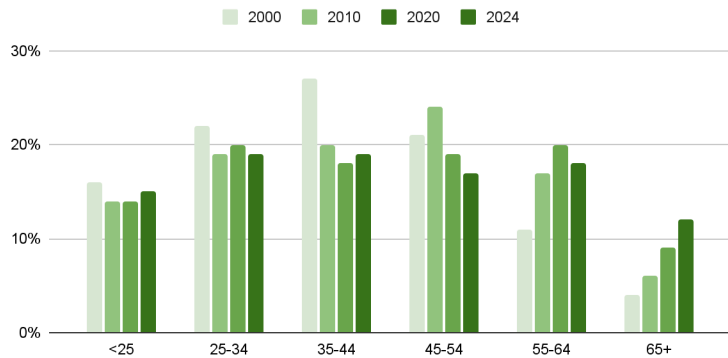


³ Talbot County’s annual growth rate from 2000 to 2023 was 0.48%.

B. Workers

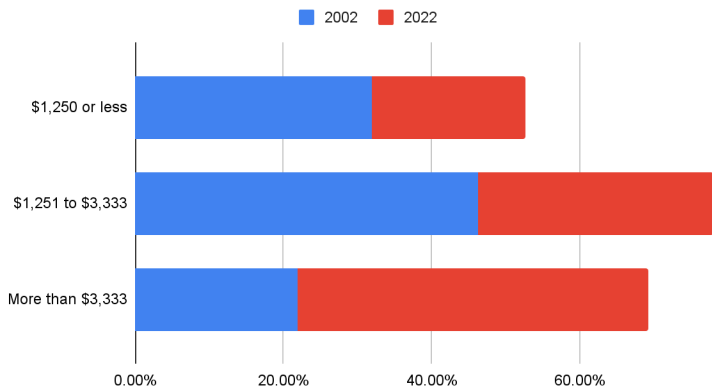
Figure 25 shows the share of private sector workers by age group in 2000, 2010, 2020, and 2024. During this period, there was a significant increase in older workers aged 65 and older (from 4% to 12%) and 55-64 (from 11% to 18%). During that same time, there was a decline in younger workers aged 25 to 34 (from 22% to 19%), 35-44 (from 27% to 19%) and 45-54 (from 21% to 17%).

Figure 25: Share of Easton Private Sector Workers by Age Group, Quarterly Workforce Indicators



Given that the population in Easton of people aged 55+ increased nearly 42 percent since 2000, and the percentage of younger adults between the ages of 25 - 44 declined 40 percent, it may be that these demographic shifts are contributing to the aging of its workforce. The increasing unaffordability of homes in Easton may also be contributing to the younger workforce leaving Easton for better job opportunities, more amenity-rich environments closely matched to the preferences of their age groups, and more affordable housing elsewhere.

Figure 26: Easton Workforce: Wages, 2002 and 2022



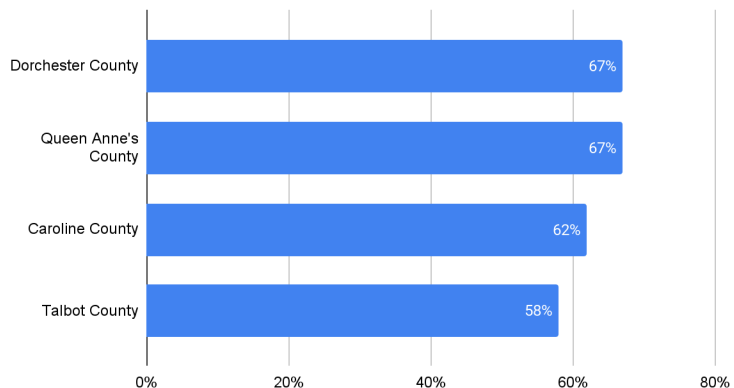
C. Wages

Regarding earnings, 53 percent of Easton workers make less than \$40,000 per year, with 21 percent of the workforce making \$15,000 or less in annual income. Since 2002, the percentage of workers making \$40,000 or more in annual earnings has increased by 25 percent.

D. Commuting

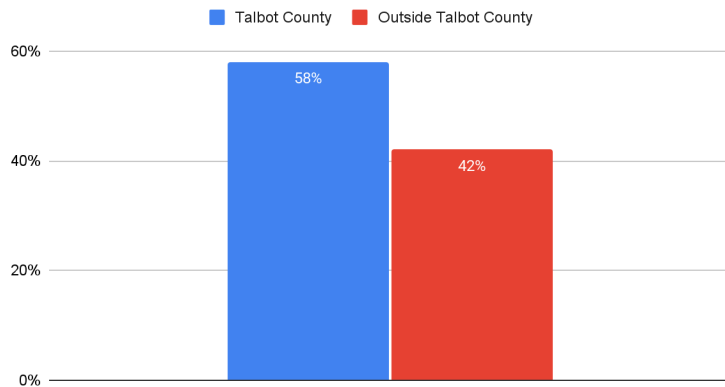
Talbot County relies more on workers from outside the county to fill its jobs compared to its neighbors. A majority of jobs in Talbot County (58%) are held by Talbot County residents. However, among the bordering counties of Caroline (62%), Dorchester (67%) and Queen Anne's (67%), Talbot County's percentage is the lowest.

Figure 27: Share of Jobs Held by Residents, 2016-2020 ACS



The fact that 42% of Talbot County's workforce commutes from outside the county indicates a significant reliance on workers from other areas.

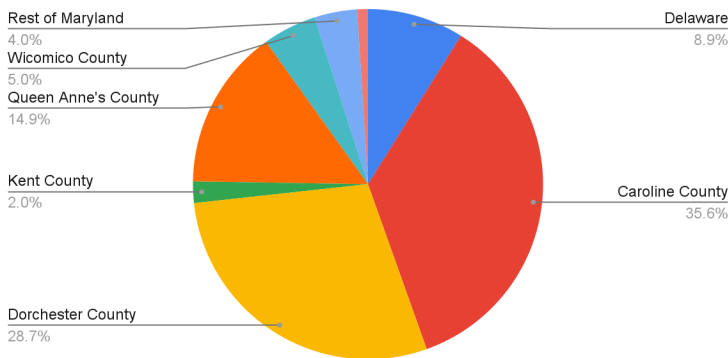
Figure 28: Location of Talbot County Workers: 2016-2020 ACS



This suggests that the local labor pool is not sufficient to meet the demands of the county's employers. If the percentage of job growth since 2000 in Talbot County exceeded population growth, then the percentage of workers coming from outside the County could be explained by the job demand. However, job growth has remained relatively flat since 2000 and the annual rate of population growth has exceeded the rate of job growth.

Businesses relying on the workforce from adjoining counties is substantial; Talbot County significantly depends on its neighbors for its labor force. In terms of in-flow commuters, 80 percent of the Talbot County workforce commutes from the neighboring counties of Caroline (36%), Dorchester (29%), and Queen

Figure 29: In-Flow Commuters into Talbot County, 2016-2020 ACS



Anne's (15%). The County's reliance on an outside workforce from its neighboring counties has increased since 2000 by 18 percent. In a less densely populated county like Talbot, this amount of commuters represents a substantial number of vehicles on the road and may very likely contribute to traffic congestion and strain on transportation infrastructure, particularly during peak commuting hours.

Figure 30: Commuting Flows into Talbot County From Neighboring Counties

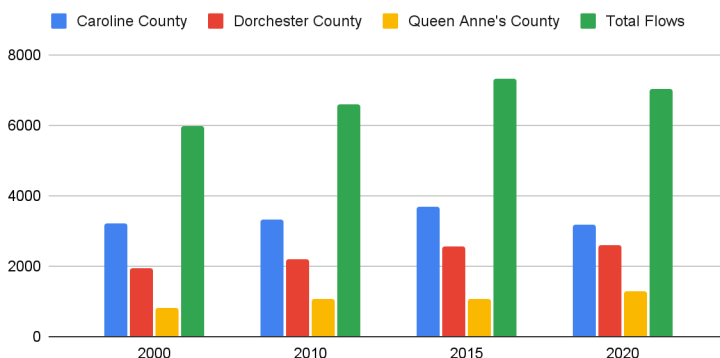
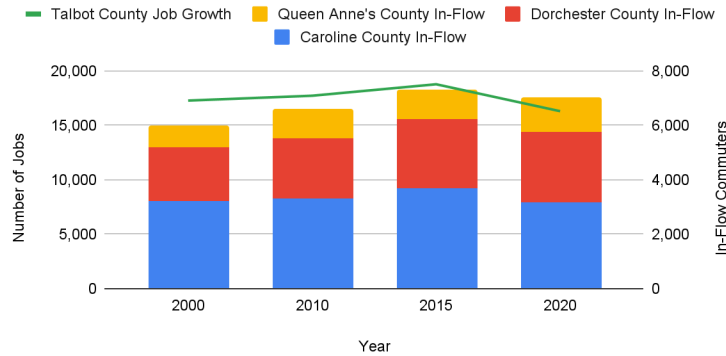


Figure 31 compares job growth with in-flow commuting from the neighboring three counties. The data shows that when the number of jobs in Talbot County increased between 2000 and 2015, the number of in-flow commuters from the three neighboring counties of Caroline, Dorchester, and Queen Anne's also increased. This suggests that job growth is a significant driver of in-commuting, as

more jobs attract workers from outside the County.

Similarly, when the number of jobs dropped between 2015 and 2020, the number of in-flow commuters also decreased. This further supports the correlation between job availability and commuting patterns.

Figure 31: In-Flow Commuting and Job growth in Talbot County, 2000-2020

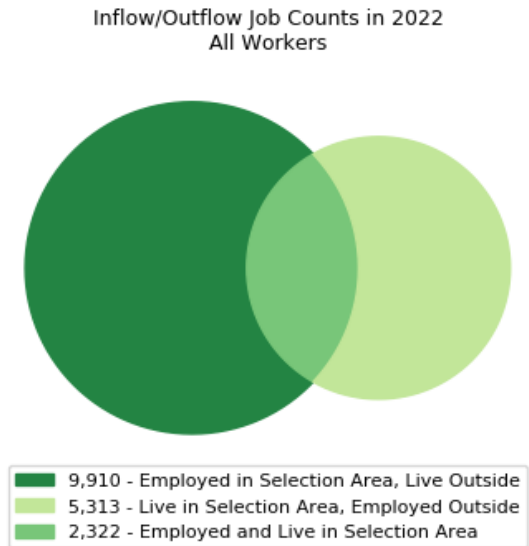


Despite the decline of in-flow commuters in 2020, the overall trend since 2000 to 2020 shows a net increase in in-flow commuters (over 1,000 commuters). This indicates that Talbot County's reliance on workers from neighboring counties has grown

over the past two decades.

Further, according to the United States Census, within the municipal boundaries of Easton only 19 percent of Easton workers live and work within the town; 81 percent of Easton workers are employed in Easton but live outside of town⁴.

The economic interdependence between Talbot County and its neighbors is clear as Talbot County relies on its neighbors for its workforce, and the neighboring counties benefit from employment opportunities in Talbot.



SECTION THREE: HOUSING MARKET

As previously mentioned, Easton's balanced growth between population and housing units from 2000 to 2023 suggests stable housing affordability as an adequate supply to meet demand could help prevent drastic price spikes. To determine whether this assumption is accurate, an examination of the change in housing costs over time relative to income levels is necessary.

A. Prices: Talbot County

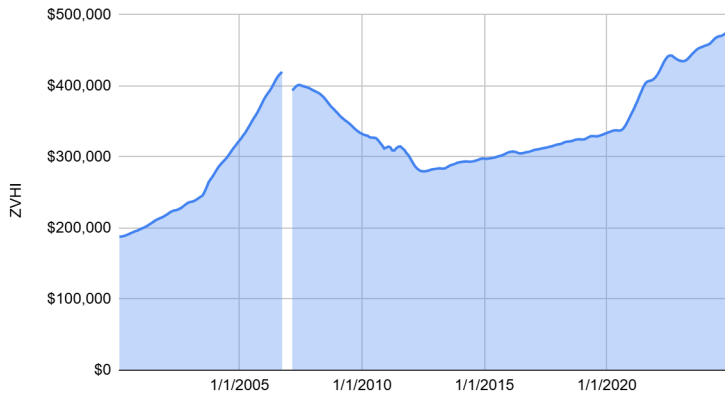
Regarding housing costs, the Zillow Home Value Index (ZHVI) can be used to understand the general direction of home values in a community over time⁵. Nationally, after September of 2006 home prices peaked. By late 2006 and into 2007, home prices then declined. By 2008, the housing market had fully

⁴ United States Census Bureau, On the Map, Inflow/Outflow Job Counts, 2022.

⁵ The ZHVI is a measure of the typical home value and market changes across a given region and housing type. It reflects the typical value for homes in the 35th to 65th percentile range.

collapsed leading to a broader financial crisis. The period between 2007 and 2009 was known as the Great Recession. The housing market bottomed out in 2012 and thereafter the market experienced a slow recovery through 2016.

Figure 33: Talbot County ZHVI, 2000 - 2024



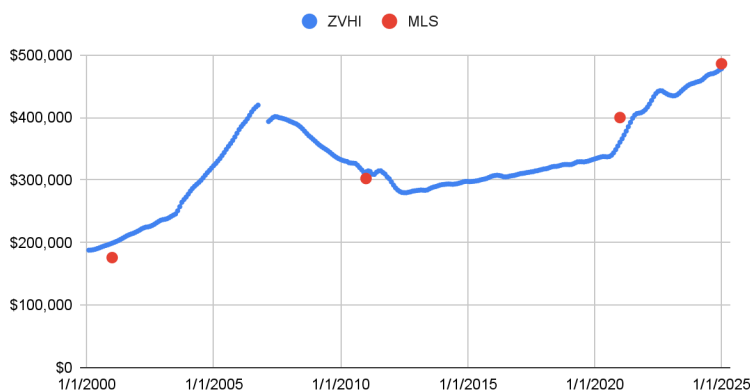
Talbot County showed a similar pattern. Figure 33 shows the ZHVI from January of 2000 through December of 2024⁶. At the end of September 2006, the ZHVI for the County peaked at \$420,000. From September 2006 through 2009, the ZHVI dropped 21 percent. By September of 2012, the ZHVI bottomed out at \$280,000. Thereafter, Talbot County showed a steady increase in the ZHVI. By the end of 2019, the index rose 19 percent to a

value of \$334,000. From the beginning of 2015 through 2019, the ZHVI rose at an average annual rate of 2.4 percent. However, the ZHVI then accelerated from the beginning of 2020 where home values rose 43 percent to \$478,000 at the end of 2024. This represents an average yearly rate increase of approximately 9 percent since 2020.

While the ZHVI is a useful tool for understanding general trends in Talbot County, it's important to note that the ZVHI is not a substitute for professional home value appraisals. The ZHVI also tends to be more accurate in areas with strong housing data. Therefore, to assess the general accuracy of the index, other sources of information should be considered.

This report reviewed the median sold price of homes in Talbot County in 2000, 2010, 2020, and 2024 using Bright MLS statistics provided by the Mid-Shore Board of Realtors. The values were then mapped

Figure 34: Talbot County ZVHI versus MLS



in Figure 34 below and compared to the ZHVI. The chart shows that both followed the same trend from 2000 to 2024. In addition, Table 5 shows the percentage differences between ZHVI and MLS data, which ranged from a high of 13 percent in 2000 to a low of 2 percent in 2024. The average difference was 7 percent. This suggests that the ZHVI is reasonably accurate and can be relied on as a valid source of capturing the general trend of home values in Talbot County. In addition, the MLS values may not capture all housing

⁶ The ZHVI was not available from October 2006 through January 2007.

transactions such as homes sold by the owner. There may also be delays in the sale prices of homes sold during any one year from new construction. In conclusion, there is confidence that both the ZHVI (in addition to MLS data) is a good source of information to measure home values and trends over time.

Table 5: Talbot County ZHVI vs. MLS and Percentage Difference

	2000	2010	2020	2024
ZHVI	\$199,078	\$313,231	\$360,581	\$478,000
MLS	\$176,000	\$302,500	\$400,000	\$486,000
% Difference	13%	3.5%	10%	2%

B. Prices: Easton Median Values

Figure 35 compares the ZHVI and MLS data of home values in Easton from the years 2000 through 2024. Two things are notable. First, the trend of home values during that time was similar to Talbot County. Second, the average percentage difference in these two sources of data (7%) confirms confidence in the use of the ZHVI for Easton.

Figure 36 shows the ZHVI in specific years. Home values in Easton have risen 131 percent since 2000. The largest increase was between 2000 and 2010 when home values rose 52 percent. Between 2010 and 2020, the increase in Easton home values slowed to 17 percent, most likely due to the effects of the Great Recession and its slow recovery. Even so, the impact of the recession on median home values was not negatively impacted; suggesting that high-end sales for wealthier buyers may have been less affected by the recession compared to households within lower-tier incomes.

However, since 2020, home values in Easton have risen 31 percent. Even more concerning when related to affordability is that the typical home value of the least expensive homes at

Figure 35: Easton ZHVI versus MLS

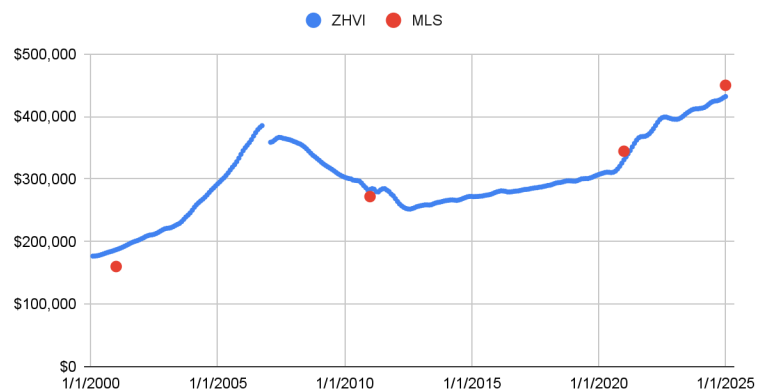
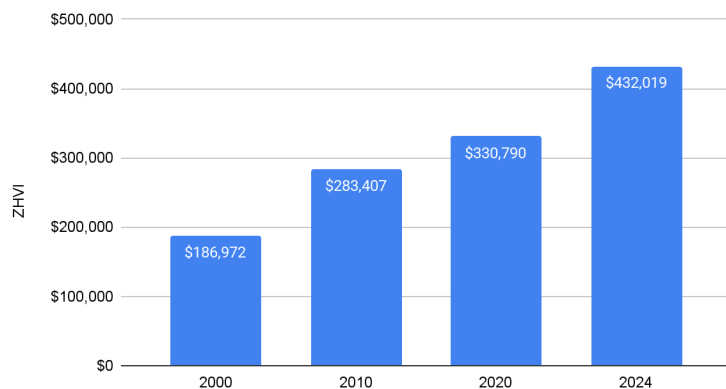


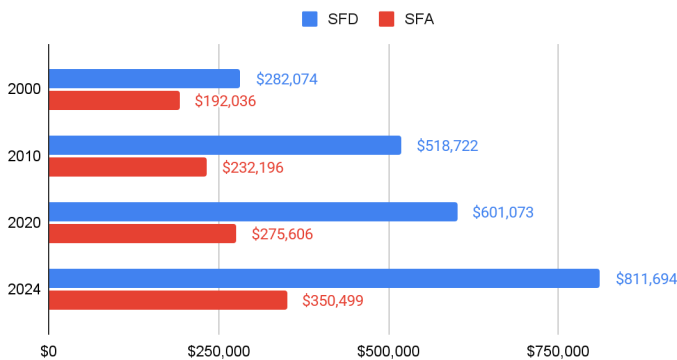
Figure 36: Easton ZHVI: 2000 - 20204



the end of 2024, or those homes in the 5th to 35th percentile, was \$300,269⁷. In other words, the least expensive homes in Easton are out of reach for most households making less than 100 percent of Easton’s 2024 AMI of approximately \$98,000 for a family of four, including first-time homebuyers (see Section Four).

C. Prices: Easton Average Sales Prices

Figure 37: Average Home Sales Price: Easton, 2000 - 2024, Bright MLS



While median home values are a more accurate representation of typical home prices, average home values can provide insights into home value trends as well. Figure 37 shows the average home price of homes sold over time in Easton for detached units and attached units such as townhomes. For attached units, the chart shows the average sales price rose 21 percent from 2000 to 2010 and 19 percent from 2010 to 2020. The increase in the average sales price, however, increased 27 percent from 2000 to

2024, outpacing the prior decades. A fairly consistent increase in average sales prices for attached units across the decades suggests steady demand, but a potentially limited supply for this type of housing in Easton. In addition, the steady growth in the average sales price over the decades, although not as dramatic as single-family detached homes (see below), poses affordability challenges for those households seeking this particular housing type.

The percentage increases are far more dramatic for detached units. From 2000 to 2010, the percentage increase in sales price was 84 percent. This was likely due to the housing boom prior to the housing crisis that led to the Great Recession. Average home values still increased between 2010 and 2020, although at a much lower percentage of 16 percent. Since 2020, average home values accelerated their increase to 35 percent. This sharp increase from the prior decade indicates a renewed acceleration in home price growth for single-family detached units, with some of this occurring during a period of lower interest rates and during the pandemic. It will be interesting to observe the effect more recent higher interest rates may have on home sales prices for these types of units.

In summary, the high costs of single-family detached units in Easton raises serious concerns about housing affordability for these types of units, especially for first time buyers and those in professions with lower annual wage pay and limited opportunities for income growth.

D. Housing Costs and Income

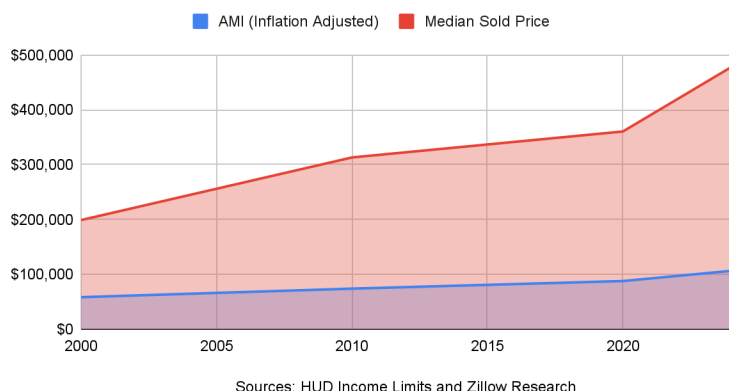
In 2024, Talbot County’s Annual Median Income (AMI) was \$106,500. Each year, the Easton Affordable Housing Board adjusts the County’s AMI to reflect more accurately the median income for Easton

⁷ ZHVI All Homes - Bottom Tier Time Series (\$).

residents. In 2020, Easton AMI was \$98,065. Given the fairly small difference, the Home price to Income Ratio for Talbot County can be a key measure of housing affordability in Easton. Using the median sold price data provided by the MSBR, the ratio in 2024 was 4.4; or the number of years it takes to buy a median-priced home in Talbot County. In 2000, the ratio was 3.03. This increase means that housing

affordability has declined significantly since 2000. Even after the Great Recession, the ratio increased to 4.12.

Figure 38: Talbot County AMI (Inflation Adjusted) and ZHVI



Another useful tool is to measure whether income has kept pace with housing costs over time. Figure 38 compares the growth rates of income in Talbot County versus home prices from 2000 to 2024. Table 6 shows the percentage increase in income growth and home price growth over the time intervals. From 2000 to 2010, home prices significantly outpaced income

growth, resulting in a rapid decline of affordability. This may have been due to the housing boom up until the housing crash that led to the Great Recession. The rate of growth for both income and home prices slowed down during the next decade and income growth slightly outpaced home growth, most likely due to the post recession impacts and the slowdown in the Easton housing market. However, in the most recent period from 2000 to 2024, home price growth has again surpassed income growth which means affordability issues, or a lack of more affordable housing, has again become an issue; like that seen in the decade from 2000 to 2010.

Table 6: Percentages of Income Growth versus Home Price Growth, Talbot County

Year	2000-2010	2010-2020	2020-2024
Income Growth	26.63%	18.69%	21.20%
Home Price Growth	57.34%	15.12%	32.56%

E. Rental Market

In Easton, 40 percent of occupied households are renters. This number is down five percentage points from 2010. The rental vacancy rate is 5.3 percent, a statistically significant difference than the homeowner vacancy rate of 1.4 percent⁸. In 2010, the homeowner vacancy rate was 5.2 percent and the rental vacancy rate was 4.8 percent.

For owner-occupied housing, the extremely low vacancy rate indicates a very tight market that may be reflected by the demand for higher-end housing and a limited supply of more affordable and varied housing types; consistent with the trend of rising home prices. The aging of the population and

⁸U.S. Census Bureau. (2023). *Comparative Housing Characteristics* (ACS 5-Year Estimates Comparison Profiles).

out-migration of younger adults may have also contributed to the drop in the vacancy rate since 2010; older adults are more likely to be homeowners while younger adults face challenges with entering the homeowner market.

The rental vacancy rate is on the healthy side of supply and demand (normally considered within a range of 5 to 7 percent) and indicates more unit availability in the market compared to for-sale homes.

The recent increase of multi-family residential in the pipeline may help towards balancing the rising price trend of both the homeownership and rental markets given: a) the slower absorption of housing units since 2010, b) the tighter market for homeownership, and c) the tendency towards higher priced homeownership inventory. More multi-family housing units provide alternative options for housing for those households that cannot afford to purchase a home in Easton. They also provide a greater supply of rental units in the market to stabilize or even decrease rents and subsequently affordability for renters.

Since 2000, Easton’s median gross rent for occupied rental units has exceeded those of Denton and Cambridge. This consistency demonstrates that Easton has long had a more premium rental market when compared to these other two neighboring communities.

Figure 39: Median Gross Rent, 2000 - 2023

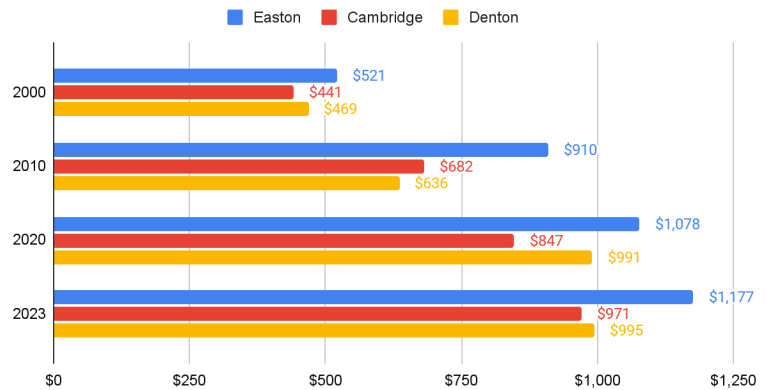


Figure 40: Median Gross Rent, Easton Versus Counties, 2023

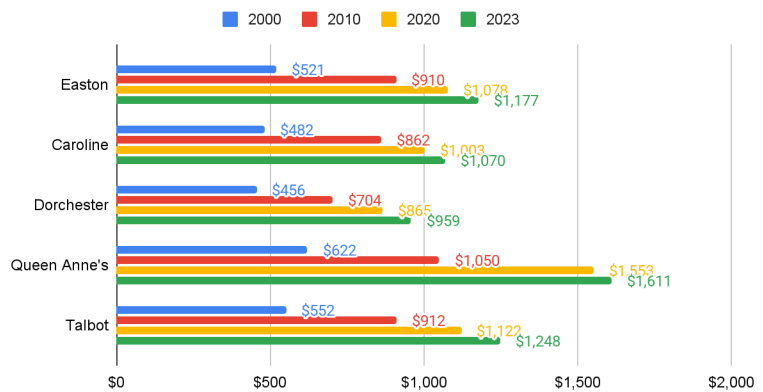
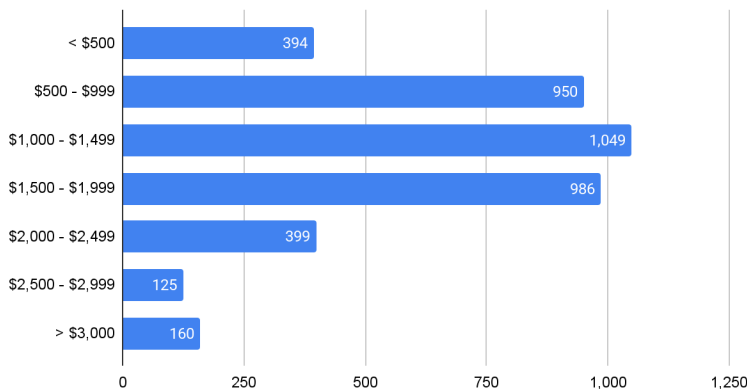


Figure 41: Easton Gross Rent and Number of Units, 2023



The biggest increase in Easton was the period between 2000 and 2010 when median rents increased 74 percent. During this period, 92 percent of the units constructed were single-family detached and attached units. The demand for rental housing, and the limited supply, could have been factors in the large increase in median rent in that decade. While the largest increase

occurred between 2000 and 2010, rents continued to rise in the following decade and through 2023⁹.

When comparing with the adjacent counties, Easton’s median rent is 94 percent of Talbot County’s but is only 73 percent of Queen Anne’s.

When broken down by gross ranges, there are significantly fewer rental options affordable to extremely lower-income households, or those making less than approximately \$25,000 per year. The limited availability of housing at this rent includes impacts to those at-risk of homelessness and those in need of “transitional housing”.

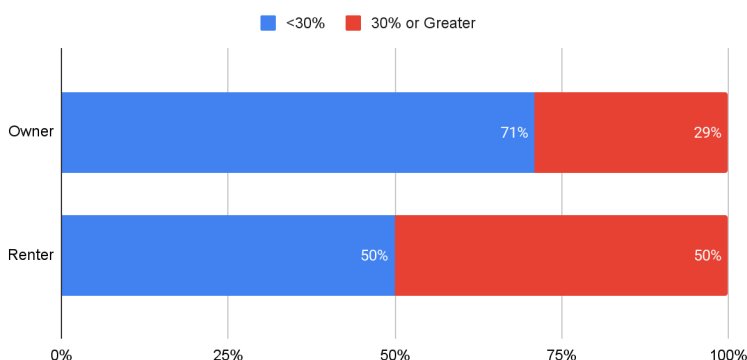
There are a relatively substantial number of units in the \$500 - \$999 price range, which are affordable to households earning less than approximately \$45,000 per year.

SECTION FOUR: HOUSING AFFORDABILITY

A. Cost Burdened Households

Cost-burdened households are those that spend a disproportionate amount of their income on housing costs. This financial strain can limit their ability to afford other necessities. Families can be forced to choose between paying their mortgage and paying for other necessities like food, healthcare, transportation, and savings; impacting their overall well-being. A household that spends more than 30 percent of their gross income on housing is considered cost burdened.

Figure 42: Easton Cost Burdened Households by Tenure, 2023, ACS 5-Year Estimates



According to 2023 ACS data, 50 percent of occupied households with a mortgage in Easton spend \$2,000 or more on monthly housing costs. However, only 29 percent of these homeowners are considered cost-burdened, meaning they spend more than 30 percent of their income on housing. This suggests a relatively high tolerance for housing costs in Easton.

high, even for those considered middle-income. At 80 percent of Easton's 2024 Area Median Income (AMI) of \$98,065, a household should ideally spend no more than \$1,961 per month on housing to avoid being cost burdened. The fact that many homeowners are exceeding this threshold while remaining below the 30 percent cost-burdened threshold suggests that middle-income households may still be feeling the squeeze and facing affordability challenges when seeking housing in Easton. Indeed, ACA data shows

However, this also indicates that housing costs in Easton are relatively

⁹ Median rents increased 18% from 2010 to 2020 and 9% from 2000 to 2023.

that 62 percent of owner-occupied households making less than \$75,000 in income in the last 12 months are cost-burdened compared to 9 percent of households making \$75,000 or more.

Figure 43: Cost Burdened Owner Households by Age of Household Head, 2023 ACS 5-Year Estimates

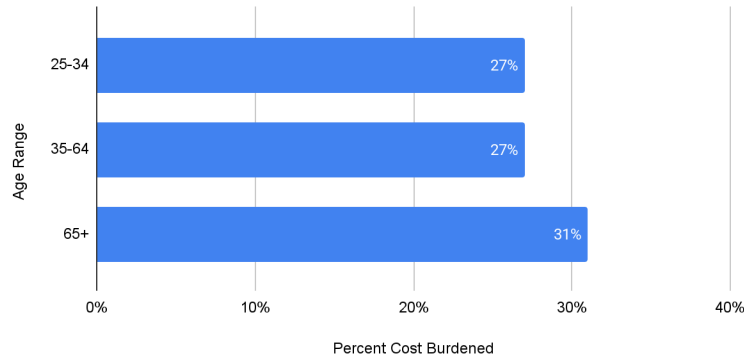
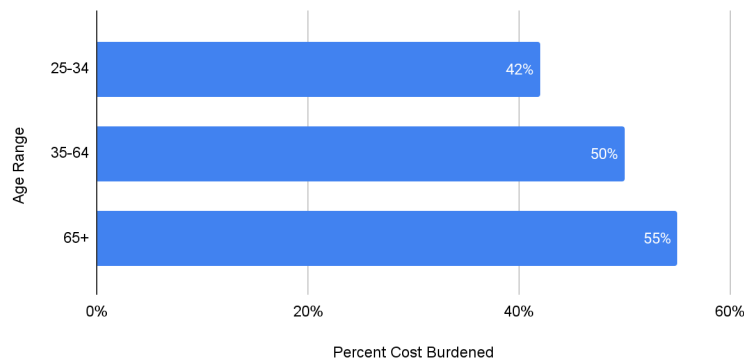


Figure 44: Cost Burdened Renter Households By Age of Household Head, 2023 ACS 5-Year Estimates



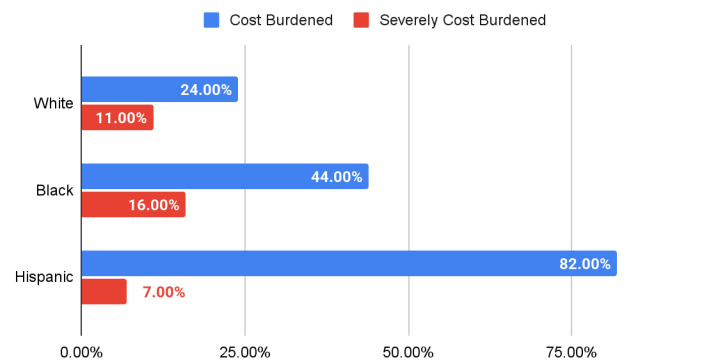
While middle-income homeowners are feeling the squeeze in Easton's housing market, the situation is even more dire for renters, especially those with lower incomes. In 2023, 50 percent of renters were cost-burdened compared to 29 percent of homeowners – a significant difference. This disparity highlights the greater affordability challenges faced by renters in Easton, who are more likely to be spending a disproportionate amount of their income on housing. This can have serious implications for financial stability, housing security, and overall well-being. ACA data shows 69 percent of renter households making less than \$75,000 in income in the last 12 months are cost burdened. For renter households making less than \$50,000 in the last 12 months, the percentage is 83 percent.

The cost burden for both renters and owners also generally increases with age. Older households, especially renters, appear to be particularly

vulnerable to housing cost burden. This could be due to fixed incomes, rising healthcare costs, the death of a spouse or significant other, or other financial pressures associated with aging. While cost burden is high across all renter age groups, even younger renters (25-34) are significantly burdened. This could impact their ability to save for a down payment and achieve homeownership, invest in their future, or meet other financial goals.

When looking at cost burdened owner and renter households by race, Figures 45 and 46 show significant racial

Figure 45: Cost Burdened Owner Households by Race, 2023 ACS 5-Year Estimates

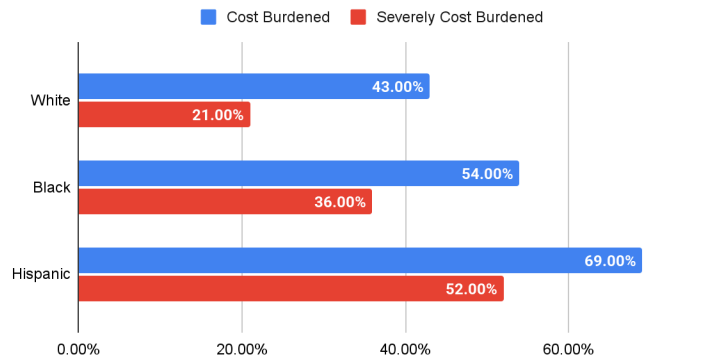


disparities in Easton, with Hispanic households facing the most severe challenges.

White homeowners have the lowest cost burden (24%), followed by Black homeowners (44%), with Hispanic homeowners experiencing the highest cost burden (82%). While Hispanic homeowners have the highest overall cost burden, Black homeowners have a higher percentage of those who are severely cost burdened; defined as spending 50 percent or more of their gross income on housing.

White renters have the lowest cost burden (43%), followed by Black renters (54%), with Hispanic renters again experiencing the highest cost burden (69%). Hispanic renters also have the highest percentage of those who are severely cost burdened (52%). Black renters also have a high percentage of severely cost burdened households (36%). Across all racial groups, renters experience higher rates of cost burden than owners, further emphasizing the affordability challenges faced by renters in Easton.

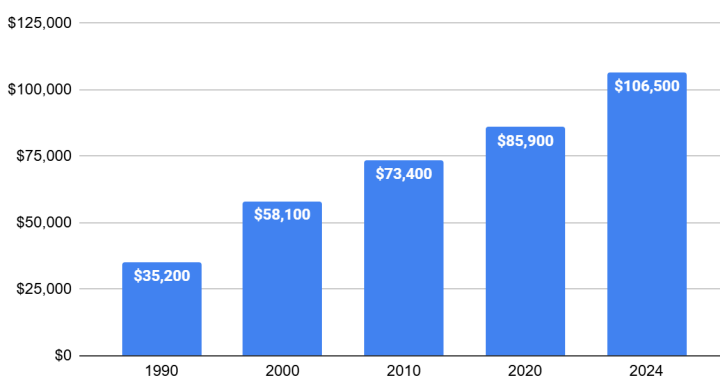
Figure 46: Cost Burdened Renter Households by Race, 2023 ACS 5-Year Estimates



These disparities strongly suggest the presence of systemic inequities in Easton's housing market due at least in part to a lack of access to affordable housing. Hispanic households, both owners and renters, appear to be particularly vulnerable to housing cost burden. This could be due to factors such as lower median incomes, limited access to credit, or language barriers. Black homeowners and renters have higher percentages of severe cost burden, indicating that they not only struggle to afford housing but also face significant financial strain as a result. These findings highlight the need for targeted interventions to also

address racial disparities in housing cost burden in Easton to address the specific challenges faced by different racial groups and promote equitable access to affordable housing.

Figure 47: Talbot County Median Family Income, HUD Income Limits



B. Affordable Home Price

According to the annual Income Limits Summary published by the United States Department of Housing and Urban Development (HUD), the FY 2024 Median Family Income (MFI) for Talbot County is \$106,500

for a family of four.¹⁰ The County’s MFI is 11 percent higher than the average County MFI for the eastern shore of Maryland (excluding Cecil County) and third highest on the eastern shore, below the counties of Queen Anne’s and Kent.

Figure 47 shows the historical growth in Talbot County’s MFI. Since 1990, Talbot County families’ earnings have increased, showing the overall improvement of economic growth for families. The highest decade of growth was between 1990 and 2000 where the County’s MFI grew 65 percent. From 1990 to 2024, the County’s MFI grew 203 percent.

Using statutory intent and requirements, HUD calculates income limits based on household size and categorizes these limits as Extremely Low Income, Very Low Income, and Low Income. The Summary Table for Talbot County income limits are listed in Table 7 below.

The income limits and household sizes based on the MFI are then used by HUD to determine eligibility for assisted housing programs including Public Housing; Section 8 project-based; Section 8 Housing Choice Voucher; Section 202 housing for the elderly; and Section 811 housing for persons with disabilities programs.

It’s important to note that the Easton Affordable Housing Board (Board) uses a formula to adjust Talbot County’s MFI when determining affordability limits for Easton housing programs. This adjustment is done to reflect differences in median income between Easton and Talbot County. For FY 2024, Easton’s adjusted MFI is \$98,065.

Table 7: HUD FY 2024 Income Limits Summary

FY 2024 Income Limit Area	Median Family Income Click for More Detail	FY 2024 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Talbot County, MD	\$106,500	Very Low (50%) Income Limits (\$) Click for More Detail	37,300	42,600	47,950	53,250	57,550	61,800	66,050	70,300
		Extremely Low Income Limits (\$)* Click for More Detail	22,400	25,600	28,800	31,950	36,580	41,960	47,340	52,720
		Low (80%) Income Limits (\$) Click for More Detail	59,650	68,200	76,700	85,200	92,050	98,850	105,650	112,500

A four-person family earning 100 percent of the 2024 Talbot County Area Median Income, adjusted for Easton, paying 35 percent of their monthly gross household income for mortgage principal, interest, property taxes, and property insurance (PITI); Private Mortgage Insurance (PMI); and Home Owner Association (HOA) dues, together with a 5 percent down payment (assuming a 6.95% 30-year fixed mortgage rate), can afford a home at a sales price of \$277,000¹¹.

¹⁰ This number was calculated using the 5-year 2018-2022 American Community Survey MFY estimate (\$100,321) with an inflation factor adjustment based on the Congressional Budget office projection of the national Consumer Price Index. The resulting number was then rounded to the nearest \$100.

¹¹ HOA and property insurance fees are each assumed at \$200 per month. Real property taxes are calculated with a factor of 1.29 per \$100 based on an assessed value of \$419,647, which is a 3-year trailing average of the ZHVI.

According to a 2024 ©MarketStats by Showing Time report provided by the Mid-Shore Board of Realtors, the median sold price for an Easton home in 2024 was \$450,000. The affordable sales price of \$277,000 is 38 percent lower than the 2024 median sales price.

Table 8 also shows that even the average sold price for an attached home, such as a townhome, exceeded the maximum affordable price for a family of four earning 100 percent of Easton’s AMI by 21 percent. To afford a home valued at \$420,000, a four-person household would need to earn 140 percent of Easton AMI, or approximately \$137,000 in annual income.

Table 8: Easton Maximum Affordable Sales Price vs. Median and Average Sold Price

Maximum Affordable Sales Price (Family of Four @ 100% AMI)	Median Sold Price	Average Sold Price	Average Attached Sold Price	Average Detached Sold Price
\$277,000	\$450,000	\$736,186	\$350,499	\$811,964

C. Affordable Rental Price

HUD also calculates Fair Market Rents (FMRs) to determine payment standard amounts for various housing rental programs including the Housing Choice Voucher Program. For Talbot County, the FMRs are calculated starting with a base rent using the average of 2018-2022 ACS estimates, multiplied by adjustment factors to determine the FY 25 FMR. This number is then adjusted if it falls below the Maryland state minimum and then calculates bedroom ratios and multiplies these by the adjusted two-bedroom rent to produce FMRs for unit sizes other than two bedrooms. The FMRs for unit sizes based on the number of bedrooms is listed in Table 9 below.

Table 9: FY 2025 FMRs by Unit Bedrooms

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2025 FMR	\$1,210	\$1,257	\$1,392	\$1,951	\$2,338

A renter household is cost-burdened if they pay more than 30 percent of their gross income on rent. For renters paying 30 percent of their monthly gross income on rent, net of an assumed monthly utility allowance of \$100, a household of four earning 60 percent of Easton’s AMI (\$58,839) can afford a rent of about \$1,371 for a three bedroom apartment.

Zumper reports that the average monthly rent as of March 2025 for a three-bedroom rental is \$2,400, which is 10 percent higher than the previous year in Easton. 75 percent of rents range from \$1,501 to \$3,000¹². The median rent for a two-bedroom is \$2,499. For all bedroom counts, the median monthly rent

PMI is based on a credit score in the 660 - 679 range at 1.23% of the loan amount annually. The interest rate is based on the Freddie Mac Priority Mortgage Market Survey U.S. weekly averages for a 30-yr FRM as of 2/01/2025.

¹² Median rent and rent ranges are based on Zumper inventory in the last 30 days.

is \$2,549, which is 27 percent higher than the national average. For apartments, the average rent price is \$2,699¹³. The average monthly rent for a 2-bedroom apartment is \$2,044.

Table 10 below shows that a family of four making 60 percent of Easton’s AMI cannot afford to rent a one, two, or three bedroom apartment in Easton without being cost burdened. To afford a median monthly rent of \$2,525, a household will need to earn at least 110 percent of Easton’s AMI without being cost-burdened.

Table 10: Easton Maximum Affordable Rental Price vs. Median and Average Rental Price

Maximum Affordable Rental Price (Family of Four @ 60% AMI)	Median Rental Price	Median Rental Price 2-Bedroom	Median Rental Price 3-Bedroom	Average Rental Price - Apartment
\$1,471	\$2,549	\$2,499	\$2,400	\$2,674

SECTION 5: EXCLUSIONARY ZONING

Exclusionary zoning refers to zoning regulations designed to limit the types of housing and land uses within a specific area, oftentimes for what are seemingly good reasons. This is often achieved through policies and regulations like minimum lot and building sizes, restrictions on multi-family housing, building height limitations, all of which can increase housing costs and reduce the affordability of housing. However, the unintended effect is the exclusion of certain demographics, particularly lower-income individuals and families, from those areas.

Take for example a legally created lot that is a minimum of one-half an acre, situated within a zoning district specifically designated for single-family residences with minimum lot sizes per dwelling unit. The buyer of that lot has several theoretical construction options: a) a modest 1,200 sq. ft. starter home catering to first-time homebuyers or a re-starter home for a retiree on a fixed income looking to downsize, b) the more dense option of seven townhomes that could provide more affordable entry-level housing, or c) a sprawling very large home designed for affluent buyers. While the developer of that lot would likely realize a significantly higher overall revenue by constructing and selling three townhomes, the existing zoning regulations strictly preclude this higher-density housing type; either by requiring larger minimum lot sizes, smaller lot coverages, lower densities, prohibiting varying housing types or a combination of these restrictions. These regulations, perhaps intended to maintain a certain low-density character within the neighborhood, effectively limit the developer's options. Consequently, in order to maximize their profit within the permissible constraints¹⁴, the developer will almost certainly choose to build a very large home, likely incorporating high-end amenities and finishes to appeal to a specific, wealthier segment of the market and achieve a sizable profit on a single unit. While each townhome might have yielded a smaller individual profit, the total of seven units would likely generate significantly higher overall revenue compared to a single large home.

¹³ The average excludes rentals for rooms, condos, and homes.

¹⁴ The permissible regulatory constraints which limit profit are on top of additional soft and hard costs for land use approvals, permitting and impact fees, and construction.

The type of housing a community aspires to isn't necessarily the housing a community needs. While there is undoubtedly a market for larger and more affluent homes in Easton and Talbot County, catering to established families and retirees seeking spacious properties, there is also a likely demand from essential workers, young professionals, growing families seeking affordable homeownership, and empty nesters desiring less upkeep, to reside in neighborhoods with a mix and choice of housing. The key is ensuring these diverse housing types are of an appropriate scale and character with each other.

This scenario highlights how zoning, while intended to guide development, can inadvertently shape the types of housing available and potentially impact affordability and community diversity. There are virtually no opportunities for more affordable housing in the unincorporated areas of Talbot County. The County's comprehensive plan places high value on the protection of the shoreline, waterway, and agricultural lands, equally important goals as affordable housing. The County's plan to accomplish this is twofold: restrict the extension of sewer outside of development and growth areas that surround the towns and to take a restrictive and exclusionary approach toward the use of land over which it has zoning authority.

To implement these objectives, the County's zoning regulations prohibit all housing types except primarily single-family detached housing, which limits housing options. The zoning districts are characterized as very low density, further augmented by low maximum height restrictions. The bulk requirements for each lot include large minimum lot sizes and low maximum lot coverage requirements, which makes real estate more scarce and increases construction costs and land prices.

The end effect is housing segregation due to the cost of land and development supporting only new higher-end housing in the unincorporated areas of Talbot County. And as the graphics show below, housing segregation is the door to other types of segregation (see Figures 47, 48, and 49 below).

Figure 47: Talbot County Median Value of Owner-Occupied Housing Units in 2020 by Census Tract

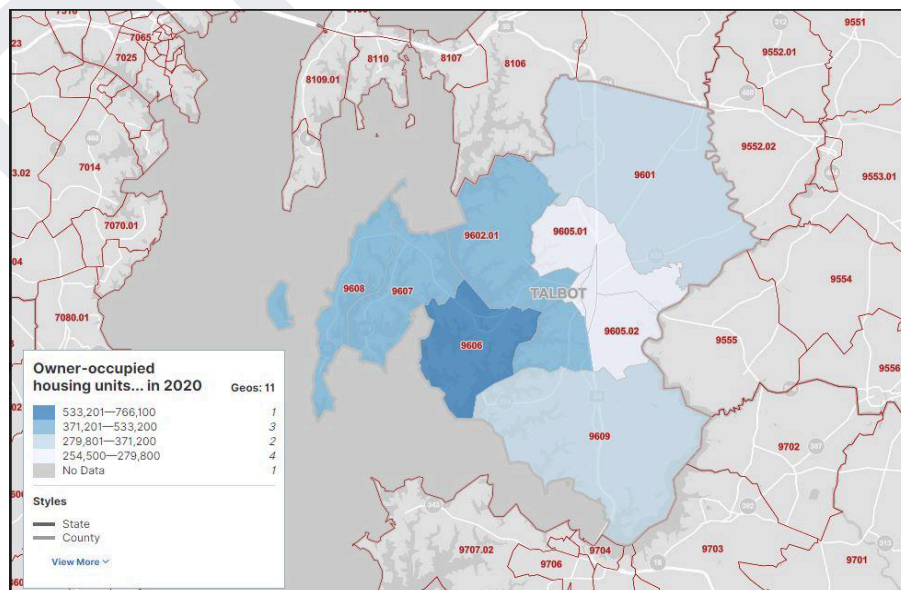


Figure 48: Talbot County Black Population by Census Tract

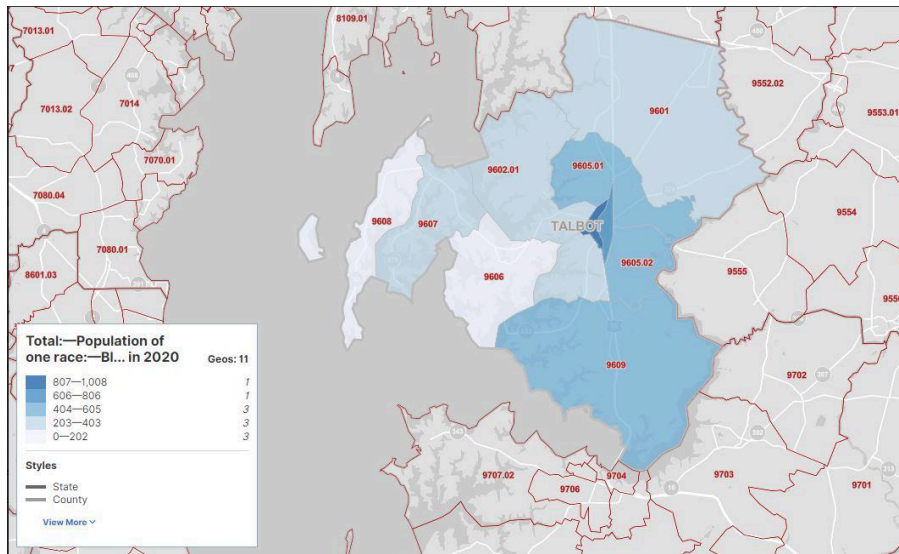
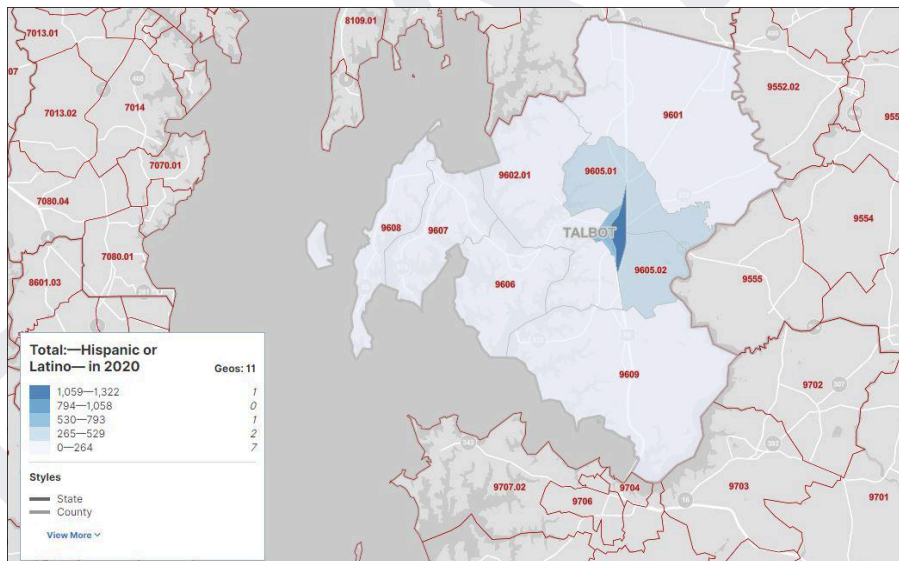


Figure 49: Talbot County Hispanic Population by Census Tract



As for the remaining towns outside of Easton, there are extremely limited areas for future growth and development adjacent to Oxford and St. Michaels. While Lakeside at Trappe, the new development in the Town of Trappe, will eventually provide approximately 2,500 homes, the approval of the Planned Unit Development by the Town of Trappe did not require any proffers for affordable or workforce housing.

SECTION 6: KEY INSIGHTS FROM THE COMPREHENSIVE PLAN UPDATE AND HOUSING SURVEY

A. Affordable Housing in the Comprehensive Plan

Easton's 2010 Comprehensive Plan (Plan) notes that in recent years, Easton has experienced a significant absence of affordable housing, especially in the "entry-level" market as well as the "move-up" market. Compounding the problem is the trend of only providing higher end, segregated housing with recent development that can lead to the situation where nearly all of the service and labor employees have to commute into easton from places where they can afford to live (Town of Easton 2010 Comprehensive Plan, Community Character, Pages 107-108).

The Plan also notes that Inclusionary Zoning is a tool to require all residential developments of a minimum size to include a certain percentage of units as affordable. The intention is to provide a more predictable and consistent method for obtaining affordable units than the case-by-case imposition of conditions of approval by the Town Council for projects subject to their approval (Town of Easton 2010 Comprehensive Plan, Housing, Pages 137-138). As such, one objective in the Plan is to institute Inclusionary Zoning whereby all residential developments will be required to provide a minimum number of units at various price points. The goal is to increase the supply of affordable housing in Easton (Town of Easton 2010 Comprehensive Plan, Housing, Page 141).

Other specific Housing Goals and Objectives included in the Plan include:

- Establish design standards and require physical distribution of different housing types to provide both visual interest and a smooth blend of affordable housing in the community
- Provide sufficient density to create a sense of place, use infrastructure efficiently, and create pedestrian-friendly, transit-supportive neighborhoods
- Increase the supply of low-income housing in Easton by supporting the efforts of the Talbot Housing Authority to provide more home-ownership and rental opportunities for low-income individuals and families

B. Talbot County Smart Growth Survey

The lack of attainable housing is a concern to County residents. American Strategies, sponsored by the National Association of Realtors with support provided by the Mid-Shore Board of Realtors, designed and administered a telephone survey in June of 2022. The survey reached 325 adults, age 18 or older, who indicated they were registered to vote in Talbot County, Maryland (see Attachment 2 for a summary of their survey results).

The results of the survey indicated that residents are satisfied with their quality of life and they value the historic nature of Talbot's towns and villages and its natural resources, but they understand the need for additional housing – and in particular for more affordable housing for young people and those with lower incomes. Specific highlights are below:

- Residents are concerned about the County’s affordable housing, where 51 percent say “creating more housing that is affordable to low and middle-income people” is a top priority
- A majority of Talbot residents consider the county’s stock of available housing to be a “fairly big” or “very big” problem (60%).” Similarly, 66 percent consider housing affordability to be a problem in the county
- Looking at specific sectors of Talbot’s housing market, 68 percent of residents believe there is too little housing for people with low incomes and for younger people who are just starting their careers. 60 percent also believe there to be too little housing for people who work in retail and service jobs, with the same number saying there are too few units available to rent full-time
- Talbot County residents are broadly supportive of government-led proposals to increase housing opportunities for the county
 - 67 percent percent of residents favor a proposal that requires developers to set aside sub-market rate housing for new projects and 62 percent favor providing tax breaks to developers who do so
 - Slightly smaller majorities are favorable toward proposals that change zoning laws to ease the process of building multi-family units (57%), and proposals that reduce government fees and regulatory barriers for builders (56%)

C. Talbot County Chamber of Commerce Affordable Housing Business Impact Survey Results

At the Attainable Housing Task Force’s June 27, 2024 meeting, the Talbot County Chamber of Commerce presented the results of their Affordable Housing Business Impact Survey. Of the forty businesses that participated in the survey, 85 percent felt that Easton has a lack of affordable housing and nearly an equal amount (83%) believed that improving the availability of affordable housing in Easton would benefit their businesses. Approximately 53 percent of the businesses indicated the lack of affordable housing impacted their ability to attract and retain employees due to employees commuting long distances (81%), difficulty with filling positions (69%), increased wage demands (46%), and high employee turnover (19%). Thirty three percent of businesses had employees leave the company within the past year due to housing-related issues.

Thirty seven of the forty respondents indicated that high rent and mortgage costs (95%), a lack of housing options (84%), long commute times (49%), and poor housing conditions (25%) were specific challenges that were reported by their employees. However, only ten percent of businesses reported that they offered housing assistance, such as stipends or relocation assistance, to their employees. Seventy eight percent of the businesses indicated they would support initiatives aimed at increasing affordable housing in Easton, including:

- Tax incentives for affordable housing development (85%)
- Public-private partnerships for housing projects (70%)
- Zoning changes to allow for more housing (58%)
- Subsidized housing (42%)

SECTION 7: ATTAINABLE HOUSING TASK FORCE

A. Background

At a joint workshop held on January 16, 2024, the Town Council and Planning Commission discussed proposed zoning code amendments, several of which related to missing middle housing. At the conclusion of the discussion, the Council agreed to staff's suggestion to develop a Scope of Work for the development of a comprehensive strategy that furthers attainable housing in Easton.

At their February 5, 2024 meeting, the Town Council approved a Scope of Work to provide prioritized recommendations for the implementation of policies, regulations, and incentives to further attainable housing in Easton, defined as ownership and rental housing that is attainable to a wide spectrum of the workforce.

The Scope of Work included establishing an eighteen (18)-member Attainable Housing Task Force (Task Force) with members nominated by the Mayor and appointed by the Council. The Council then confirmed the appointments below with Mr. Ports and Mr. Weber as Co-Chairs of the task force:

1. David Montgomery (Easton Town Council)
2. Frank Gunsallus (Easton Town Council)
3. Lynn Mielke (Talbot County Council)
4. Michael Ports (Easton Planning Commission)
5. Tom Klein (Easton Planning Commission)
6. John Horner (Easton Utilities)
7. Jim Bent (Easton Affordable Housing Board)
8. Holly Dekarske (Easton Economic Development Corporation)
9. Don Bibb (Talbot County Housing Authority)
10. Susie Hayward (Mid-Shore Board of Realtors)
11. Julie Lowe (Talbot Interfaith Shelter)
12. Lauren Dianish (Atelier 11 Architects)
13. Michael Forster (Mulberry Station HOA)
14. Ryan Groll (Eat Sprout)
15. Paul Weber (At-Large)
16. Corey Pack (At-Large)
17. Ramon Gras (At-Large)
18. Troy Sherwood (At-Large)

The Task Force was established to provide to the Town Council prioritized recommendations for the implementation of policies, regulations, programs, and incentives to further attainable housing in Easton. The Task Force met ten times in 2024. The meeting dates along with the topic and agenda for each meeting are listed below in Table 11.

Table 11: Attainable Housing Task Force 2024 Meeting Schedule, Topics & Agendas

Meeting	Topic	Agenda
Meeting One: May 19	Task Force Kick-Off	Introductions and Purpose of the Task Force Presentations: Overview of the Affordable Housing Board and current housing programs; current Town policies; state legislation; the draft Inclusionary Zoning Ordinance; County recommendations from the 2015 Affordable/Workforce Housing Commission Discussion: Individual perspectives and concerns Public Comment
Meeting Two: May 23	Understanding the Challenges	Presentation: Demographic, workforce, and market overview results of the American Strategies survey Discussion: Zoning and Missing Middle Housing Public Comment
Meeting Three: June 6	Balancing the Need Versus Housing Market Realities	Panel: Chesapeake Neighbors; Talbot Interfaith Shelter; Reed Oak Properties; McAllister, DeTar, Showalter, and Walker LLC Discussion: Attainable Housing Incentives and Inclusionary Zoning Follow-Up Public Comment
Meeting Four: June 27	Impact of Housing on Business Development and Retention	Panel: Talbot County Economic Development & Tourism; Easton Economic Development Corporation; Talbot County Chamber of Commerce; Mid-Shore Regional Council Discussion: Growth Areas Public Comment
Meeting Five: July 11	Attainable Housing Best Practices	Presentation: Salisbury Housing and Community Development; Queen Anne’s Community Services; Anne Arundel County Discussion: Talbot County Public Schools Public Comment
Meeting Six: July 25	Draft Recommendations	Presentation: Framework for a Comprehensive Housing Strategy - David Rosen, David Paul Rosen & Associates (DRA) Break-Out Session Report-Outs
Meeting Seven: August 8	Draft Recommendations	Break-out session Proposed objectives and strategies
Meeting Eight: August 29	Draft Recommendations	Staff Presentation: Inclusionary Zoning and the DRA Management Memo Proposed objectives and strategies
Meeting Nine: September 12	Draft Recommendations	Final Proposal: Housing Strategy Formulation

Meeting Ten: October 10	Draft Recommendations	Final Proposal: Housing Strategy Formulation and Prioritization
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The Scope of Work also included an analysis of workforce and housing market intelligence. Initial data was presented to the task force at their May 23rd meeting and further elaborated as part of this report, including a calculation of affordable sales prices for new homes in the Easton market versus the median house sales price, the percentage of homes sold under calculated affordable sales prices, and the percentage of cost-burdened or severely cost-burdened households.

Although the Scope of Work included administration of a public sector employee survey, this task was not completed. The Scope of Work also included a gap analysis to determine the difference between prototypical housing construction costs by housing type and size in the Easton market versus affordable sales and rental prices. This task was also not completed due to budgetary constraints. Lastly, the Scope of Work also included the development of a landing page on the town’s website to inform citizens of Easton and Talbot County on the issues of attainable housing, the town’s ongoing efforts to address housing issues and policies, and the Task Force activities. Although these outreach efforts were not completed, they are addressed in the Task Force’s recommendations below.

B. Higher Priority Recommendations

The Scope of Work included the development of prioritized policy, regulatory, and incentive recommendations to the Town Council to further attainable housing in Easton. Below are recommendations from the Task Force that, by consensus, were deemed higher priorities..

HIGH PRIORITY RECOMMENDATIONS

Theme: Public/Private Partnerships

Objective: Facilitate housing development and partnerships on public lands.

To achieve the objective, the Task Force recommends implementing a pilot project that would use public or institutional lands for the construction of affordable housing units.

Several properties were identified by the Task Force that could have the potential for a pilot project. The properties included:

- **Talbot County Public Schools.** This vacant land, accessed from Magnolia Drive, is owned by Talbot County and is approximately six and one-half acres in size. The property is also adjacent to John Ford Park.
- **John Ford Park.** The park is adjacent to Rails to Trails and owned by the town. The far northern portion of the park was originally part of the build out of the Chapel Farms subdivision.
- **Former site of the Talbot County Health Department.** The approximately one-acre property is also owned by Talbot County and is the size of one whole city block. The property and building is vacant due to the relocation of the department to a medical building on Dutchmans Lane.

- **Easton Volunteer Fire Department.** A large portion of the property, owned by the town, next to and across from the volunteer fire department building, is vacant and could potentially be used for housing.

The Task Force recommended partnering with an experienced and qualified housing organization to design and build the pilot site by soliciting proposals that would prioritize innovative design and diverse housing types at appropriate densities. Whichever site is selected, Easton would need to address any zoning and other constraints that may need to be addressed that creates barriers to implementation of the site design.

Theme: Community Outreach and Education

Objective: Implement a community education and outreach campaign to increase the public’s understanding of the affordable housing problem and the benefits of expanding Easton’s affordable housing supply.

The cumulative effect of a lack of more affordable housing options comes with negative consequences:

- **Displacement** as lower-earning households are forced to move out of Easton and Talbot County altogether.
- **Economic segregation** with wealthier residents living in separate neighborhoods with better amenities and more affordable units are concentrated in specific areas.
- **Rising costs of housing** by blocking demand for more affordable housing options.
- **Negative impacts on businesses and the local economy** as the displacement of lower-income workers and the inability of essential workers to live in Easton leads to labor shortages and the difficulty to attract and retain businesses.
- **Homogenization** from the influx of higher-income residents and the loss of local businesses and cultural offerings that cater to a diverse population.

However, negative perceptions persist on the term “affordable housing” and are a significant barrier to addressing affordable housing shortages. Existing homeowners often oppose affordable housing developments in their neighborhoods as they believe it will lower property values, increase crime rates, or create change in a neighborhood's character. In fact, numerous studies have confirmed that affordable housing has little to no effect on property values. In addition, affordable housing for families can actually reduce crime by providing more economic stability.

There is also a misunderstanding about who qualifies and lives in affordable housing. Many residents believe affordable housing is occupied by the poorest of the poor when in fact such housing is constructed for households that are employed in a broad spectrum of households and occupations, including seniors and retirees, young professionals and essential workers such as teachers, nurses, police officers, volunteer firefighters and others.

The Task Force agreed that, while the definition of attainable housing sounds good in concept and is oftentimes used when discussing policy, the reality is that the term does not exist in federal and state finance housing law. Instead, the Task Force reasoned that what's needed is community involvement, transparency, and education about the benefits of providing more affordable housing, and dispelling myths that can fuel opposition.

The Task Force recommended a housing landing page accessed on Easton's website for people to find housing information and resources and to post Affordable Housing Board and other housing-related meetings and documents. The Task Force also recommended Town Hall meetings to get input and reaction from the public (those who live here, those who work here, those who want to move here but cannot afford to) on the housing report. Lastly, the Task Force recommended Easton conduct a media campaign that provides a human face to those affected by the lack of affordable housing options in Easton: those households earning up to 100 percent of AMI for home ownership, up to 60% of AMI for rental, and up to 30 percent for the most vulnerable of our population.

Theme: Zoning, Land Use, and Planning

Objective: Accelerate the supply of affordable housing without expending public subsidies

The Task Force recommended Easton adopt an inclusionary zoning ordinance to address the shortage of owner and renter housing affordable to families earning less than the area median income.

Background

§ 3-114 of the Annotated Code of Maryland requires a housing element in comprehensive plans that addresses the need for affordable housing within a local jurisdiction, including for workforce and low-income housing. The law further states that local jurisdictions have a duty to affirmatively further fair housing through their housing and other programs and that the housing element of a comprehensive plan enacted or amended on or after January 1, 2023 include an assessment of fair housing to ensure that the local jurisdiction is furthering fair housing¹⁵.

In addition to any other zoning and planning powers granted by the State of Maryland, § 7-401 of the Annotated Code of Maryland expressly gives a local legislative body the authority to enact local laws that:

- 1) impose inclusionary zoning, and award density bonuses, to create affordable housing units; and
- 2) restrict the use, cost, and resale of housing that is created under this authority to ensure that the purposes of affordable housing are carried out.

¹⁵ “Affirmatively further fair housing” means to take meaningful actions, in addition to actions aimed at combating discrimination, to overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to housing and opportunity based on protected characteristics. It also includes to take meaningful actions that, taken together: (i) address significant disparities in housing needs and access to opportunity; (ii) replace segregated living patterns with truly integrated and balanced living patterns; (iii) transform racially and ethnically concentrated areas of poverty into areas of opportunity; and (iv) foster and maintain compliance with civil rights and fair housing laws.

Thus inclusionary zoning is one land use regulatory tool that can be used to further fair and attainable housing policies in local jurisdictions. Inclusionary zoning refers to zoning ordinance requirements that new residential development must include a percentage of its units to be built to accommodate affordably priced dwelling units, either for rental or home ownership. The control period, or time in which the units must remain available to households below a certain income level, typically varies from 20-99 years depending on ownership versus rental unit type¹⁶.

Broadly speaking, inclusionary zoning programs seek to achieve several goals. One, it ensures increased production of more affordable housing, especially during times of reduced funds available from federal and state housing agencies and intense competition for discretionary housing funds for local governments to purchase land for affordable housing that they cannot afford. Although the cost of building a two or three-bedroom single-family detached home has not been accurately quantified in this report, estimated costs the task force heard from the development community is within a range of \$280,000 to \$350,000. The cost of building a home is expensive due to labor, materials, financing, permitting and impact fees, and utility connection fees. However, land can be the highest cost factor in building a home. In fact, Habitat for Humanity has indicated they can no longer build homes in Easton due to the high cost of land. Inclusionary zoning ensures new growth will include affordable housing, especially when there is a scarcity of land left for development in Easton and future growth areas are limited due to the town's growth boundary per its comprehensive plan.

Second, inclusionary zoning facilitates economic and social integration instead of concentrating lower income households in certain areas. Working and middle-income families have opportunities to live in new neighborhoods with high-quality amenities. Inclusionary zoning regulations also typically include provisions to ensure that units built under the program are indistinguishable from market rate units.

Third, by requiring inclusionary units in new developments to be built or phased in simultaneously with the market rate units, opposition to middle income housing units from new or existing neighbors can be overcome.

Several Maryland jurisdictions have passed inclusionary zoning ordinances, including the counties of Anne Arundel, Montgomery and Queen Anne's, and the cities of Annapolis, Frederick and Baltimore. Given the many challenges that Easton and Talbot County face in the provision of attainable housing, the adoption of an Inclusionary Zoning Ordinance is one way to respond to the crisis and add another tool in the toolbox of fair, equitable and affordable housing efforts currently undertaken by the town.

Process

The drafting, review, and refinement of the draft Inclusionary Zoning Ordinance was a 22-month process to date¹⁷. The legislation was drafted for Council consideration after an extensive review of existing ordinances in the Maryland jurisdictions of Annapolis, Queen Anne's County, and Montgomery County

¹⁶ Maryland Department of Planning, Common Practices and Examples:
<https://planning.maryland.gov/Pages/OurWork/housing-element-mg/common-practices.aspx>

¹⁷ The original draft was actually considered by the PC in April of 2007. That draft was supported by the Affordable Housing Board. The PC subsequently forwarded the draft to the Council. No final action was taken.

and in Loudoun County, Virginia and East Palo Alto, California¹⁸. Staff also consulted with Maryland Affordable Housing Coalition, the Virginia Housing Alliance, and the National Low Income Housing Coalition during the drafting of the ordinance. The Chair of the Easton Affordable Housing Board reviewed the draft ordinance prior to Council distribution.

The draft was discussed at three Town Council workshops in 2023¹⁹. Subsequent to the July workshop, the Council agreed to staff coordination of a Housing Work Group to review the draft Inclusionary Zoning Ordinance discussed at the three Council work sessions last year.

The work group included Council Members Maureen Curry and Rev. Elmer Davis, Mayor Megan Cook, Town Manager Don Richardson, Town Attorney Sharon VanEmburch, Miguel Salinas and Lynn Thomas from Planning and Zoning, Holly Dekarske from the Easton Economic Development Corporation, and Jim Bent from the Affordable Housing Board. The Housing Work Group met five times and their work resulted in changes to the initial draft.

The updated draft (2nd draft) was then distributed to the Planning Commission (PC) for review at their February 15, 2024 meeting. At that meeting, the Commission agreed to begin more detailed discussion on the work group's draft of the Inclusionary Zoning Ordinance at a future meeting or meetings. At their March 21, 2024 meeting, the PC scheduled workshops for April 17, 2024 and May 23, 2024 for the purpose of reviewing and discussing the components of the draft ordinance and in anticipation of a formal recommendation to the Town Council prior to the introduction of new legislation. At the May 23rd meeting, the PC decided to wait for input from the Council-appointed Attainable Housing Task Force before making a formal recommendation to the Council.

Three of the Task Force's meetings included discussion of the draft Inclusionary Zoning ordinance. In June of 2024, Easton contracted with David Rosen and Associates (DRA) to review the most recent version of the draft ordinance and to offer suggested revisions and a recommended set of best practices for the provisions of an inclusionary zoning ordinance. Staff became familiar with DRA during the research undertaken to draft the inclusionary zoning ordinance; the firm provides consulting assistance to East Palo Alto, California's successful inclusionary zoning program which the current draft is partly modeled from. DRA is an international policy, finance and development advisory firm that has served public and private sector clients in more than 350 governmental jurisdictions to help solve some of the most challenging finance and policy problems in affordable housing, urban revitalization, sustainable development and renewable energy. They have assisted more than 60 jurisdictions in the adoption and amendment of inclusionary zoning programs and served as expert witnesses to defend cities and counties against legal challenges to these kinds of ordinances. In addition, DRA crafted the foundational approach to comprehensive affordable housing strategies used by the federal Department of Housing and Urban

¹⁸ Loudoun County was chosen for its location outside of Maryland and its similarity to Fairfax County, Virginia's and Montgomery County, Maryland's inclusionary housing ordinances. East Palo Alto, California was chosen because of its unique approach to the provisions and management of their program; an example of a response to California's Housing Element Law, enacted in 1969, that required that all local governments adequately plan to meet the housing needs of everyone in the community; and as a response to exclusionary zoning and severe shortages of affordable housing combined with a reduction of federal housing subsidies. Over 170 California jurisdictions have inclusionary housing ordinances on the books.

¹⁹ The workshops were held on February 6, February 20, and July 17.

Development and state and local agencies throughout the country. Lastly, DRA originated the concept of Housing Trust Funds and has assisted more than 50 cities and states in the development and funding of such funds.

After discussion of DRA’s recommendations, staff revised the second draft of the draft ordinance at the request of the Task Force. At their meeting in October, as a means to accelerate the supply of affordable housing without expending public subsidies, the Task Force supported the newly-created third draft of the Inclusionary Zoning Ordinance as one of their top priority recommendations.

On November 21, 2024, the Planning Commission voted 4-1 (Klein opposed) to forward a favorable recommendation to the Town Council (Council) of a draft Inclusionary Zoning Ordinance. The draft ordinance would require developers to set-aside a certain percentage of residential dwelling units as affordable housing for households earning up to 100 percent of the Area Median Income (AMI) for ownership housing and for households earning up to 60 percent of the AMI for rental housing.

Table 12: Inclusionary Zoning Process Timetable

Meeting	Date	Activity
Town Council	February 6, 2023	Workshop - Initial draft presented
Town Council	February 20, 2023	Workshop
Town Council	July 17, 2023	Workshop
Easton Housing Work Group	August 31, 2023	Review and revisions of first draft
Easton Housing Work Group	November 8, 2023	Review and revisions of first draft
Planning Commission	February 15, 2024	Workshop - 2nd draft presented
Planning Commission	March 21, 2024	Workshop
Planning Commission	April 17, 2024	Workshop
Attainable Housing Task Force	May 9, 2024	Draft legislation overview
Planning Commission	May 23, 2024	Workshop Placed on hold pending Task Force input
Attainable Housing Task Force	August 29, 2024	Review of draft legislation and DRA Memorandum
Attainable Housing Task Force	September 12, 2024	Review and revisions to second draft
Attainable Housing Task Force	October 10, 2024	Housing strategy prioritization
Planning Commission	November 21, 2024	3rd Draft and favorable recommendation to Council

Common Objections to Inclusionary Zoning

The implementation of inclusionary zoning frequently sparks debate, particularly concerning its applicability beyond rapidly growing, large jurisdictions. A common concern is that inclusionary zoning programs, while effective in some contexts, are best suited for areas experiencing rapid population growth and robust real estate markets. Additionally, questions arise about the administrative burden and costs of monitoring and ensuring long-term compliance with an inclusionary zoning program.

Building and real estate developers often argue that inclusionary zoning unfairly shifts the burden of a community's affordable housing challenges onto the private market. They contend that it is the local government's responsibility to address the systemic issues contributing to an undersupply of affordable housing.

Opponents of inclusionary zoning also raise three primary economic arguments. First, there is the fear that inclusionary zoning discourages housing production by making development financially unattractive, leading developers to build elsewhere. This, they argue, would exacerbate housing scarcity and continue to drive up prices for existing homes. However, developers often attribute higher housing costs more to restrictive land use policies, burdensome zoning regulations, excessive fees, bureaucratic delays, and unpredictable outcomes due to local opposition, rather than the existence of inclusionary zoning.

Second, critics assert that the costs of providing inclusionary units will simply be passed on to buyers and renters of market-rate units, thereby inflating overall housing prices. However, market-rate unit prices are primarily set by the competitive dynamics of the local real estate market. Studies indicate that the costs associated with providing inclusionary units are more typically absorbed through modest reductions in land prices or developers' profit margins. While a theoretical risk of price increases exists, research generally shows that well-designed inclusionary zoning programs have modest to no impact on overall housing production or prices²⁰.

Third, critics sometimes assert that inclusionary units produced by an inclusionary housing program have a negative impact on nearby home values. However, a policy brief written by the Center for Housing Policy reviewed twelve studies that examined the impact of affordable housing on property values and found that the vast majority concluded that there is very little to no evidence that affordable housing depresses property values; they may even raise them in some cases²¹. What the research shows is that the type of affordable housing matters less than the quality of the properties' design, management, and maintenance, including ensuring that affordable housing is attractively designed and blends in with the surrounding neighborhood²². The policy brief also noted there was evidence that suggested affordable

²⁰ Inclusionary Housing: Creating and Maintaining Equitable Communities (Lincoln Institute of Land Policy, 2015).

²¹ "Don't Put it Here! Does Affordable Housing Cause Nearby Property Values to Decline? (The Center for Housing Policy, Insights from Housing Policy Research).

²² One exception noted was in a series of studies conducted by Ingrid Ellen and her colleagues at the Furman Center of NYU on the impact of affordable housing on property values in New York City, where they concluded that developments financed through the Low Income Housing Tax Credit were somewhat more likely than developments financed through other federal programs to increase surrounding home prices. By contrast, they found that public housing was somewhat more likely to produce negative effects than developments funded through other federal programs.

housing is likely to have either no impact or a positive impact on surrounding home prices when located in wealthier neighborhoods that were generally appreciating in value. In contrast, larger, more concentrated, and clustered affordable housing developments were more likely than affordable housing that is smaller in scale and less concentrated, or scattered throughout a neighborhood, to have a negative impact on nearby property values. These findings support mixed-income housing and neighborhoods.

Crucially, the success of inclusionary zoning programs, particularly in diverse market conditions, hinges on the careful application of value-added incentives that offset developer costs. The most common of these is increased density. In the draft inclusionary zoning ordinance, developers can elect to receive up to a twenty percent bonus in overall density.

Beyond density bonuses, effective inclusionary zoning design, as highlighted in the aforementioned cited report by the Lincoln Institute of Land Policy, emphasizes flexibility and calibrated requirements. This report notes that communities with rising housing prices, and thus conditions where inclusionary zoning can be effective, are diverse. For instance, one-third of California's inclusionary zoning programs are located in small towns and rural areas, often influenced by the influx of commuters and second homeowners into previously isolated markets. To minimize unintended consequences, it is essential to offer developers flexible compliance options and to calibrate requirements and incentives so that the net economic impact on projects remains manageable.

For Easton, despite a current annual population growth rate under one percent, its historical growth, particularly between 2000 and 2010, was significantly higher. Implementing an inclusionary zoning program now, even with anticipated modest future growth, can ensure that new development contributes to affordability proactively, rather than requiring reactive solutions later. It is important to acknowledge, as evidenced in this report's background section, that new residential development in Easton has not historically led to a downward effect on prices; instead, prices have steadily increased because new homes are predominantly built for upper-income residents. This underscores why careful policy design and consideration of Easton's specific market conditions are crucial, especially since inclusionary zoning relies on the economic uplift from a strong real estate market and increasing land values to subsidize inclusionary units.

Tailoring Inclusionary Zoning for Easton

For smaller towns like Easton, inclusionary zoning can be a valuable tool for creating affordable housing, provided it is designed to align with local market realities and development incentives, and is integrated as part of a broader housing strategy. It's critical that developers are not solely responsible for resolving all of a community's affordable housing needs; inclusionary zoning is not a one-size-fits-all solution. The most successful programs, across communities of all sizes, offer compelling incentives, provide reasonable alternative compliance options, and include other financial or regulatory offsets alongside mandatory set-asides.

To address concerns regarding mandatory set-asides in a market without rapid housing production, it may be advisable to consider a lower set-aside percentage than the proposed fifteen percent required in the draft ordinance, such as ten percent, to reduce the burden on developers.

The draft ordinance includes several provisions to offset developer costs. Developers may receive up to a twenty percent density bonus above the maximum allowed in the residential base zoning district. Additionally, if all required inclusionary units are provided on-site, developers can receive a variance of up to twenty percent from dimensional requirements (lot size, frontage, coverage, height, and setbacks) without Board of Zoning Appeals approval. This flexibility accommodates more units when the density bonus is utilized. Developers may also receive a twenty percent modification from parking standards if a parking study demonstrates no negative impact on on-street parking.

For projects of six or fewer units, developers can opt to pay an in-lieu fee for each unit. This option helps smaller-site developers better capture the land's value by mitigating the complexities and potential revenue loss associated with providing on-site affordable units. These fees then contribute to Easton's affordable housing fund, which supports other affordable housing projects and initiatives.

The draft inclusionary zoning ordinance further includes diverse alternative compliance options. Developers can build inclusionary units off-site (under specific conditions) on town-owned land or through partnerships with housing organizations. They may also fulfill their requirement by purchasing and donating land to Easton or a housing organization for the required units, again under specific conditions. Another option allows single-family detached residential developments to provide different housing types, such as townhomes or duplexes, for their inclusionary units, thereby lowering per-unit construction costs. Lastly, a financial offset allows inclusionary units to differ from market-rate units in certain interior amenities and gross floor area.

While not in the draft, consideration could be given to applying deferral, reduction, or waiver of building permit fees, impact fees, or property taxes specifically for mandatory inclusionary units. Easton should estimate the lost revenue to quantify this subsidy. Another option for consideration is allowing developers of adaptive reuse and redevelopment projects to pay an in-lieu fee instead of providing mandatory inclusionary units. These projects on existing, improved properties often present unique challenges and higher costs, such as environmental remediation and infrastructure upgrades.

Finally, establishing a full-time Housing Specialist position within the Department of Planning and Zoning is crucial for effective program oversight. This specialist would be responsible for setting up, administering, and monitoring the IZ program, and could also staff the Affordable Housing Board and its related programs.

Theme: Zoning, Land Use, and Permitting

Objective: Reform zoning standards that are facilitating suburban patterns of development and inhibiting mixed-income, mixed-use and town-centric patterns of development.

Zoning is one of the community's police powers; all the legal regulations delegated by states to local governments to enact laws and regulations that govern everyday life and to protect the health, safety, and

welfare of their residents. With zoning, the use of private property is regulated for the benefit of the broader community and its goals.

However, as stated in Section 5 of this report, zoning can also inadvertently shape the types of housing available; impacting affordability and community diversity. Modern zoning regulations have grown increasingly complex and restrictive. Ironically, many of the beloved historic districts and vibrant downtowns that residents and visitors cherish could not be built under today's standards. Today's zoning districts often facilitate suburban patterns of development, including:

- Single-use zoning that strictly separates residential areas from commercial, office, and industrial zones;
- Low-density development, often achieved by requiring large lot sizes for single-family detached homes;
- Large setbacks that push buildings further from the street, creating overly-sized, curvilinear streets surrounded by vast parking lots (especially for commercial areas); and
- Homogeneity in housing types, limiting variety within neighborhoods.

Zoning codes also frequently inhibit mixed-use environments, which combine different uses in one area or even one building, such as apartments above retail shops, or a mix of housing types.

Limiting housing supply by mandating low densities, requiring large lot sizes, and excluding other housing types can significantly drive up housing costs and perpetuate housing segregation. Reforming these types of zoning rules is essential to allow for more diverse and attainable housing options.

While Easton's floating Planned Unit Development (PUD) Overlay zoning district offers some flexibility with development standards and uses not achievable in residential base zoning districts, its approval process is discretionary. This requires legislative approval from the Town Council through the code's most rigorous process, allowing existing homeowners to successfully lobby for caps on development densities, prohibitions on certain housing types, and opposition to more affordable units.

This situation is further exacerbated in Maryland by additional hurdles for properties annexed into local municipalities. A five-year hold on zoning changes is often imposed when a municipality's proposed zoning significantly deviates from a county's regulations, unless the county explicitly waives this hold. This effectively grants counties and their constituents a level of control and veto power over the land use and density of annexed land, even if the proposed zoning aligns with a municipality's comprehensive plan.

These limitations in current zoning, coupled with unique local and state-mandated hurdles, highlight a critical need for reform. To achieve the objective of fostering mixed-income, mixed-use, and truly town-centric patterns of development in Easton, a proactive approach to modernizing Easton's zoning code is imperative. Such reforms promise a multitude of benefits, extending beyond mere housing supply to impact the very fabric of the community.

Specific Zoning Reforms to Achieve the Objective

Easton now permits outright or by Special Exception missing middle housing types, including duplexes, triplexes, fourplexes, cottage courts, and mansion apartments, in its two base residential zoning districts (R-7A and R-10A) as well as the Central Business zoning district. The varied housing types can increase and diversify the supply of housing and potentially lower costs for a wider range of incomes.

The Task Force recommended permitting residential zoning in commercial zoning districts to support the redevelopment of strip centers to mixed-use nodes or neighborhoods. The redevelopment of existing strip and campus-style shopping centers into compact mixed-use and walkable centers has many benefits including: a) supporting local businesses, b) creating vibrant commercial districts, c) providing better access to amenities, d) making more efficient use of infrastructure, and e) providing additional housing units without expanding into the growth area. However, Easton's Commercial General (CG), Commercial Light (CL), and Business Commercial zoning districts prohibit any housing type with the exception of Live Work units in the CG and CL zoning districts. In addition, the dimensional standards for these commercial zoning districts would need to be revised to create a more town-centric feel and to allow for a more efficient use of land. Minimum lot sizes would need to be reduced as well as minimum setbacks to bring buildings closer to the street edge and property lines. Restrictive maximum lot coverages would also need to change.

One way to reform zoning standards is to develop a "form-based code" for commercial areas that have the potential for redevelopment. Form-based codes are a type of land development regulation that prioritizes the physical form and character of buildings and public spaces over the rigid separation of land uses. It's a fundamental shift from conventional, or "Euclidean," zoning, which primarily focuses on what activities (residential, commercial, industrial) are allowed in specific zones. The goal is to create predictable physical results, or a certain aesthetic and feel for a street or neighborhood, rather than just predictable land uses. Unlike conventional zoning, which is often dense text, form-based codes heavily rely on diagrams, illustrations, and photos. This makes them much easier for developers, residents, and planners to understand what is expected and what the desired outcome looks like.

The Task Force also recommended increasing the maximum densities for the R-7A and R-10A residential zoning districts. The current maximum density for both districts is 3.5 dwelling units per acre for single-family detached dwellings. In the R-10A zoning district, the maximum density for multi-family is 5 dwelling units per acre. In the R-7A zoning district, it's 8 dwelling units per acre. To achieve 3.5 dwelling units per acre, each single-family detached home effectively requires a lot size of roughly a third of an acre per house; requiring a significant amount of land for each dwelling. When every house needs nearly a third of an acre, development spreads outward rapidly, consuming more undeveloped land and pushing these newly developed areas further from the center of town. This is the essence of suburban sprawl.

The housing spread and the low-density zoning typically limit development to single-family detached homes, preventing any natural mix of housing types such as duplexes and townhomes that could otherwise emerge. These housing types can be more affordable than large single-family detached homes

because they use less land per unit and can be more cost-effective to build. By excluding them, the market is restricted to primarily higher-priced, larger-footprint homes.

By mandating large lot sizes, the supply of developable land within Easton's boundaries that can accommodate new housing is artificially constrained. Even if there's physically enough land, zoning makes it illegal to use that land more efficiently for housing. When demand for housing exists, but the supply of suitable land (under current zoning) is limited, prices naturally increase as there is an increased land cost per unit. A low-density project can also have higher per-unit costs compared to more compact forms that share infrastructure.

In addition, existing commercial/retail areas are located even further from new development and walking or biking becomes impractical for daily errands, leading to a greater reliance on private automobiles and more traffic congestion. There are also higher infrastructure costs as sprawling development requires more miles of roads, water pipes, sewer lines, and utility connections per household. These infrastructure costs are passed on to homebuyers, making housing more expensive.

By addressing the fundamental flaws in Easton's land-use regulations, Easton can overcome existing hurdles and transition towards more sustainable development patterns. Implementing these changes will not only provide much-needed housing affordability across all income levels but will also enhance Easton's economic vitality, environmental sustainability, and overall quality of life.

Theme: Zoning, Land Use, and Permitting

Objective: Allow missing middle housing by-right to reduce the complexity, cost, and uncertainty of the permitting process while ensuring community expectations of design and character within existing and planned neighborhoods.

"Missing Middle Housing" refers to a range of housing types that are compatible in scale, form, and construction with single-family homes, but include multiple housing units. These housing types fall between traditional single-family detached houses and large, mid-to-high-rise apartment buildings. Many zoning regulations in communities have made it difficult or illegal to build missing middle housing as single-family detached homes became the dominant housing type after World War II. Missing Middle Housing provides more units per acre than single-family homes, but are typically low- to mid-rise (2-5 stories) smaller footprint structures that can utilize light-frame wood construction. They can blend well into existing neighborhoods without appearing as dense as large apartment buildings as well as serve as a transition to higher density areas.

The varied housing types can increase and diversify the supply of housing and potentially lower costs for a wider range of incomes. Missing middle housing provides more affordability for homebuyers than single-family detached homes as the cost of land is divided among multiple units and they typically include smaller unit sizes. These varied housing types can also accommodate specific demographics and lifestyle preferences, such as downsizing seniors, single-person households, or those seeking less maintenance than a large detached home.

The width, depth, and height of missing middle structures are typically no larger than a single-family detached home; allowing them to be designed in such a way that they seamlessly integrate into existing and new neighborhoods, maintaining a residential feel while gently increasing density. Even on a residential block, missing middle housing can be mixed in with single family homes in such a way that people do not perceive their density. There are many examples in Easton of missing middle housing that is so well-integrated into the rhythm and fabric of existing neighborhoods that many people walking along the block don't realize that they've passed a missing middle type such as a duplex or mansion apartment.

Brief Zoning Diagnostic for Townhomes

One barrier to Missing Middle Housing is that the development standards in conventional zoning districts make small-scale missing middle housing physically or economically infeasible due to limitations on densities, excessive setbacks, allowable lot coverages, and large lot size requirements. The Task Force recommended Easton conduct a zoning diagnostic to assess whether base zoning district and overlay requirements fully support missing middle housing.

Take townhomes for example, which are defined in Easton's zoning ordinance as a residential housing type that is a small-to-medium-sized structure with two or more multi story units with shared walls on both sides (other than for the end units). In Easton's residential zoning districts (R-7A and R-10A), no more than three units may be constructed with the same front setback and no more than six units may be constructed in one building at first floor level. In the Central Business (CB) zoning district, no more than nine units may be constructed in one building at first floor level.

Regarding density limitations, the R-7A zoning district permits 8 dwelling units per acre, the R-10A zoning district permits 5 dwelling units per acre, and the CB zoning district permits 12 dwelling units per acre.

Figure 50: Alley-Loaded Townhouse Zoning Diagnostic

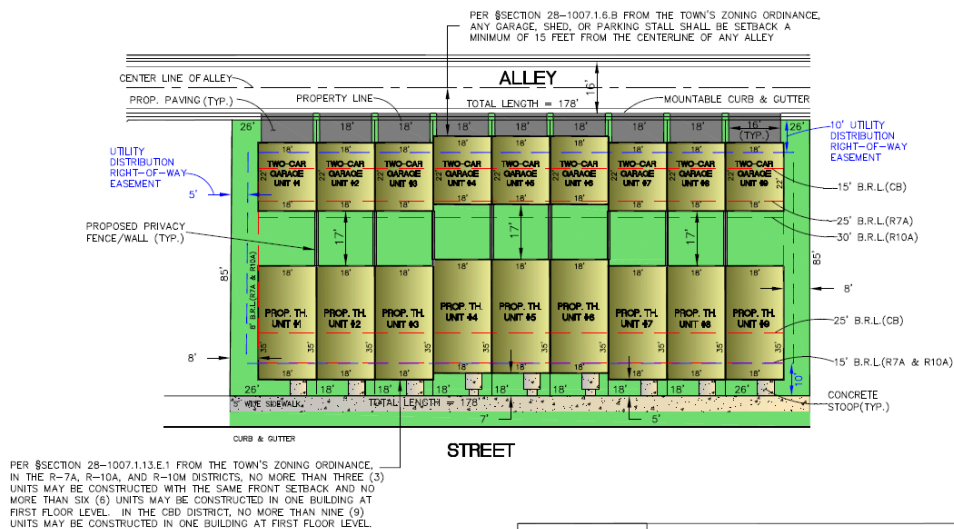


Figure 50 above shows nine lots with nine alley-loaded townhomes on a block with one hundred and seventy-eight feet of street frontage - about half of a city block. Each lot contains a townhome with a building width of eighteen feet; the ideal minimum width. The minimum lot depth is eighty-five feet, which can accommodate an alley-loaded two-car garage that is setback a distance of seventeen feet from the townhouse.

In this scenario, the area of each interior lot is 1,530 sq. ft. in size. The area of each end lot is 2,210 sq. ft. in size. The minimum lot sizes are far below those required in the R-7A (7,500 sq. ft.), R-10A (10,000 sq. ft.), and the CB (5,000 sq. ft.) zoning district. In addition, the gross density on a per acre basis in Figure 10 is 25.91 units per acre; also far exceeding the maximum densities of the three zoning districts.

The setbacks for the three zoning districts would also need to be revised, along with the utility easement setbacks, to accommodate the above site layout. Figure 50 also shows where the front, rear, and side yard Building Restriction Lines (setbacks) are located for the R-7A, R-10A, and CB zoning districts in comparison to the setbacks of the main townhomes and alley-loaded garages as depicted.

Easton's zoning ordinance permits townhomes as a Special Exception in the R-7A, R-10A, and CB zoning districts. However, the dimensional and density requirements are far too restrictive and make it impossible to build without applying for a Planned Unit Development (PUD) to receive flexibility in the design and layout. The current zoning regulations prevent the construction of these efficient, alley-loaded, and possibly affordable townhomes; specifically the minimum lot sizes, maximum density limits, and minimum setbacks. The minimum building envelope requirements (the area of the lot that does not include the required setbacks) for all three districts, and the maximum rear yard lot coverage requirements for the R-7A and R-10A zoning districts, are also in conflict. The PUD land use application costs between \$5,000 to \$8,000 and is subject to the most restrictive and unpredictable legislative process, subject to Town Council approval and multiple public hearings where the public may show up to oppose the application and defeat the project; thereby contributing to an undersupply of diverse and more affordable housing options. A proposal to construct even two or three townhomes with the layout as depicted in Figure 50 would require a PUD.

Design and Character

The Task Force also recommended amending the zoning ordinance development standards for Missing Middle Housing types to ensure reasonable neighborhood compatibility through site design, dimensional criteria, pedestrian-oriented features, and architectural standards. Conventional zoning districts like Easton's R-7A and R-10A have minimum lot sizes and lot frontages as opposed to maximum sizes. This means that the districts fail to regulate a building size and form in proportion to its lot size and more importantly in proportion to the character of the existing block or surrounding neighborhood. Zoning density limitations in and of themselves also do not regulate building form. In addition, lot aggregation or large lot creation can allow for larger buildings and abrupt changes in form and scale to the buildings around them.

Form-based codes, or a hybrid between conventional and form-based zoning, envisions intentional outcomes based on patterns of design built on existing or desired physical form and character of a community, area, or neighborhood. Developing form-based standards for zoning districts for missing

middle housing is one way to address the potential incompatibility between missing middle housing types and single-family detached homes by regulating building form, massing, and transitions.

C. Additional Recommendations

Below are additional recommendations from the Task Force for Council consideration.

Theme: Zoning, Land Use, and Permitting

Objective: Amend the Accessory Dwelling Unit requirements in the zoning ordinance to encourage more affordable housing units, aging-in-place, and caregiving.

An Accessory Dwelling Unit (ADU) as defined in Easton zoning code is a second dwelling unit either within, or added to, an existing single-family detached dwelling or in a separate accessory structure on the same lot as the principal dwelling. An ADU is a complete, independent living facility with provisions for cooking, eating, sanitation, and sleeping. An ADU is permitted in the R-7A, R-10A, and CB zoning districts by Special Exception.

The Task Force recommended permitting a second Junior ADU unit on a property within single-family detached homes located in the R-7A and R-10A zoning districts. A Junior ADU would be no larger than 500 sq. ft. and located within the existing footprint of a home or attached garage with a separate entrance. No additional parking would be required for the Junior ADU. There would also be a reduced impact fee payment and an occupancy limit. A Junior ADU must have a sink, counter, and smaller appliances, but the bathroom could be shared within the main home; the owner must reside in the home. The Task Force did suggest working with Easton's Building Inspection Division on building code requirements and to assess whether it would be cost prohibitive for the homeowner based on those requirements.

The Task Force also recommended limiting the maximum size of a detached ADU to 800 sq. ft. and an attached ADU to 50% of the primary dwelling.

Lastly, the Task Force recommended permitting ADU's in non-residential spaces.

Theme: Zoning, Land Use, and Permitting

Objective: Expand the range of housing options permitted in zoning districts.

A work-live unit is primarily a commercial, office, or light industrial space that includes an accessory residential component for the business owner or an employee. A live-work unit requires a physical separation in the form of a fire wall (or floor/ceiling) between the commercial occupancy and the residential occupancy above. However, in a work-live unit, an occupancy separation is not required and the use is primarily non-residential with accessory residential space. The work activity within the unit is more substantial and can often involve public interaction, client visits, or light manufacturing/production, although certain types of hazardous commercial activities can be prohibited. The work space typically occupies a larger percentage of the unit's total area, oftentimes exceeding 50 percent. Because of this set-up, work-live units can provide another type of alternative housing that can support artists, retail

entrepreneurs, service providers, and creative types. The living component of the work-live unit provides convenience and cost savings for the business owner/operator.

It's important to note that there are code implications as these units are often treated primarily as commercial for building code purposes, which can lead to stricter requirements for accessibility, fire suppression, parking, and public restrooms. For that reason, they are also typically permitted in commercial, mixed-use, or light industrial zones.

Theme: Zoning, Land Use, and Permitting

Objective: Preserve existing affordable units in areas at risk of gentrification to protect residents from displacement.

In 2018, the Eastern Shore Regional GIS Cooperative conducted a housing quality survey for Easton. Many variables related to property conditions were collected including structure quality, infrastructure damage, property accessibility, grass heights, excessive litter, home vacancy, lack of or damage to sidewalks, etc. The properties were then categorized based on the cumulative severity of degradation for each property.

Housing trust funds administered by the Easton Affordable Housing Board are limited. The Task Force recommended prioritizing expenditures for housing rehabilitation based in part on the 2018 surveys.

Theme: Zoning, Land Use, and Permitting

Objective: Develop land use policies in the comprehensive plan that provide greater assurances that future development in the growth area provides a share of diverse and affordable housing.

The Task Force recommended tying annexation policies to targeted affordable housing goals. Doing so can help prevent sprawl without affordability and newly developed subdivisions are typically developed with large, single-family detached homes that cater to upper-income buyers. Tying annexation to affordable housing ensures that new growth contributes to a diverse housing stock from the outset, rather than exacerbating the affordability crisis. It can also ensure that a portion of the value from new development is captured to serve the public good of providing more affordable housing.

The Task Force also recommended that properties of a certain size requesting annexation for residential development include a variety of housing types. Requiring a greater variety of housing types (townhomes, duplexes, smaller-lot single-family homes, potentially even small multi-family units) on annexed land directly counters the homogeneous, low-density suburban patterns Easton has seen in more recent years. New development can then provide options for different household sizes, income levels, and lifestyles as well as for Easton and Talbot County essential workers, young professionals, and seniors who may be priced out of the traditional single-family market. In addition, by requiring diverse housing types and potentially higher densities, Easton can make more efficient use of extended infrastructure, reducing the per-unit cost of service delivery compared to more sprawling, low-density development.

Annexation is a significant request from landowners or developers seeking municipal services and more favorable zoning. Tying affordable housing goals to this process gives Easton considerable negotiating power to ensure new development aligns with broader community objectives.

Theme: Zoning, Land Use, and Permitting

Objective: Modernize the development review process to lower costs for housing entitlements.

The Task Force recommended Easton invest in modernized, cloud-based permit application and workflow software to: a) streamline approvals across departments, b) enhance customer experience, c) digitize permit application, d) allow customers to pay online, e) provide citizen transparency on permit activity, f) increase staff efficiency in communication, and g) eliminate redundancies in internal workflows. The Task Force also recommended Easton develop a user-friendly public portal to educate applicants about permit information and submission requirements.

The Task Force's recommendation offers substantial benefits that directly contribute to lowering housing development costs. For developers, time is a critical cost factor where delays and unpredictability can lead to additional expenses through increased carrying costs on land, increased consultant fees, and lost opportunities for quicker revenue generation. Construction materials and labor costs can also increase during long delays. By streamlining approvals across departments and eliminating redundancies in internal workflows, this modernized system can result in reduced project timelines and administrative burdens. Furthermore, digitizing permit applications, enabling online payments, and developing a public portal will minimize errors, reduce the need for resubmissions, and provide clarity from the outset.

Beyond the benefits to developers, this investment would enhance the efficiency and effectiveness of town staff. A unified, cloud-based system will increase staff efficiency in communication by providing a central hub for all project information. This improved internal coordination will streamline approvals, allowing departments to collaborate seamlessly and process applications more quickly. Staff can also dedicate more time to substantive reviews rather than administrative tasks. Moreover, enhancing the customer experience and providing citizen transparency on permit activity can reduce the volume of inquiries; freeing up staff time.

Ultimately, these efficiencies can lead to more financially viable housing projects, allowing developers to pass on savings in the form of more attainable housing prices. Crucially, this modernized system provides complete transparency through communication logs and real-time status tracking, clearly identifying where applications are delayed, why, and who is responsible—whether it be from reviewing departments or, as is sometimes the case, the developer's own consultants' response times.

Theme: Zoning, Land Use, and Permitting

Objective: Modernize the development review process to lower costs for housing entitlements.

Theme: Funding

Objective: Permit a Payment in Lieu of Taxes (PILOT) program and exempt impact fees for affordable housing projects.

A PILOT program is a financial agreement between a developer (which can include a tax-exempt entity such as a housing organization) and a local government where the property owner makes negotiated

payments over a specific period of time instead of paying real property taxes. It's, in essence, a property tax abatement agreement. Payments can also be gradually increased over time.

A PILOT program can incentivize projects with a public benefit, like affordable housing, especially for projects financed in part from the Low-Income Housing Tax Credit Program where applications to the State of Maryland from affordable housing developers can be highly competitive; applications score higher when there is a demonstrated financial partnership with the locality. The lower tax burden helps bridge the financial gap of providing below-market-rate units. For the developer, the lower tax payments reduce the operating costs of a project, especially in its early years, and can make a project more viable and more attractive to investors.

The Task Force recommended exploring a PILOT program or similar tax abatement program, as well as impact fee exemptions or reductions, as ways to encourage private investment in affordable housing production.

Theme: Administration

Objective: Determine the appropriate level of staffing and resources to ensure affordable housing efforts are managed, reviewed, and enforced efficiently and effectively.

The Task Force recommended Easton create an administrative structure to include professional staffing to the Affordable Housing Board. In addition, the opportunities for increasing the supply of affordable housing in the County, outside of Eastons' municipal boundaries, are little to none. The Task Force recommended the County partner with Easton to provide staffing and/or funding for affordable housing program administration.