Town Council
AGENDA
Monday, February 20, 2023 - 5:30 PM
Council Chambers, Easton Town Office
14 S Harrison Street

5:00 PM Affordable Housing Workshop.

Discussion of a Draft Inclusionary Housing Ordinance.

5:30 PM: Call to Order by President Cook.

Opening remarks and Pledge of Allegiance by Councilmember Rev. Davis.

Approval of Minutes.

Minutes of the February 6, 2023 Workshop, Audit Outbrief and Regularly Scheduled Council Meeting.

Municipal Official Items.

Items by Mayor Willey.

Items by the Town Manager.

Approval for Affordable Housing Renovation Fund Replenishment of $400,000.

Approval of 2023 Annual Street Resurfacing & Rail Trail Resurfacing Asphalt Repairs bid.

Public Assembly Event: Easton Volunteer Fire Dept. 5K Run - 4/15/23

Items by the Town Attorney.

Presentations.

Al Bond, Avalon President & CEO to update Town Council on Avalon Programming.

Holly DeKarske, Executive Director Easton Economic Development Corporation to give EEDC update.

Public Participation/Comments.

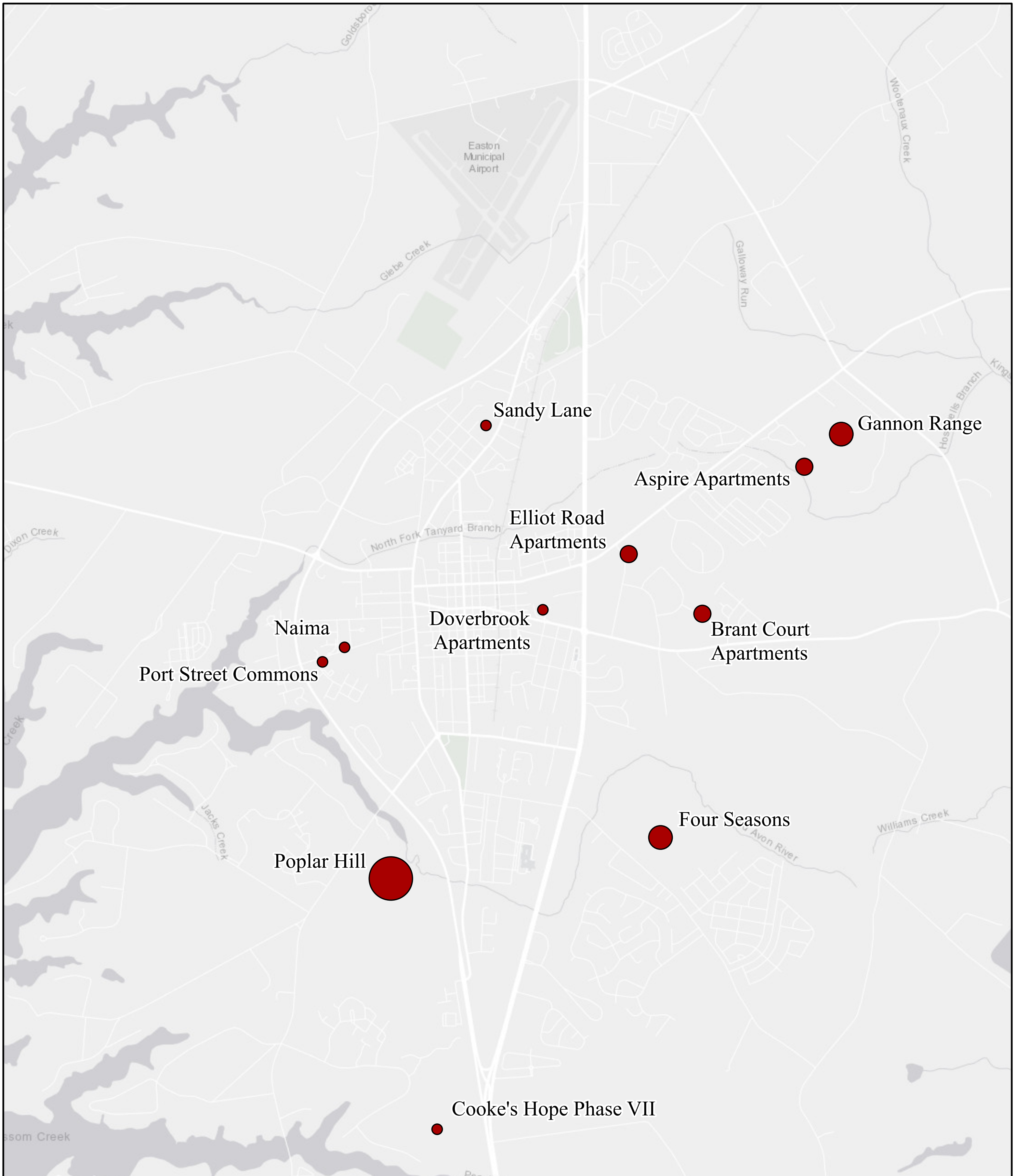
Items by Members of the Council:

Adjournment.

The public can access the meeting as follows:
https://www.eastonmd.gov/129/Agendas-Minutes

If you are an Easton Cable subscriber, you can view the meeting through TV-Channel 98.

Please note: There is a possibility of all or part of the meeting may be held in Closed Session.



Number of Units

8 - 94
95 - 180
181 - 267
268 - 353
354 - 439

Easton Residential Unit Pipeline

0 0.75 1.5 Miles

Comparison of the Town of Easton's Draft Inclusionary Housing Ordinance with other jurisdictions

	EASTON	QUEEN ANNE'S COUNTY	ANNAPOLIS	MONTGOMERY COUNTY	FREDERICK	LOUDOUN COUNTY, VA
Name	Inclusionary Housing Ordinance (Draft)	Moderately Priced Dwelling Unit Program	Moderately Priced Dwelling Unit Program	Moderately Priced Dwelling Unit Program	Moderately Priced Dwelling Unit Program	Affordable Dwelling Unit Program
Applicability	1. New construction or substantial rehabilitation: 5 or more units. 2. Adaptive reuse or nonresidential to residential conversion: 10 or more units.	1. Inside of growth areas: 20 or more lots or units. 2. Outside of growth areas: 60 or more lots or units.	Development or redevelopment of 10 or more dwelling units.	Residential developments of 20 or more units at one location.	1. Residential development projects of 25 or more units. 2. Mixed-use projects with a residential component of 25 or more units.	Sites that are served by public water and sewer and which yield 24 or more units at an equivalent density greater than one unit per forty thousand square feet.
Exemptions (Excluding Grandfathered Applications)	Accessory Dwelling Units are exempt from the provisions.	Not included in the legislation.	1. The conversion of a residential rental property to a condominium property if the condominium was registered with the Secretary of State prior to March 13, 2006.	Not specified in the legislation.	1. Development projects undertaken by the City. 2. Projects undertaken by a nonprofit housing development organization or a continuing care retirement community if at least 12.5% of the persons renting or purchasing units would be considered eligible to buy or rent an MPDU.	1. Multi-family dwellings of four stories or more with an elevator. 2. Applications which deal exclusively with issues of: building relocation, site access, stormwater drainage, or other engineering or public facility issues; the preservation of historic structures; wetlands; child care facilities; or changes in the size of units, a reduction in the number of units, or which request the addition of a non-residential special exception use.
Required Minimum Percentage of Inclusionary Units	10%	10%	Proportionate to the approved development density and is a variable percentage that is not less than 15%.	1. 15% where at least 45% of the census tracts in the planning area have a median household income of at least 150%. 2. 12.5% for any other planning area. 3. The percentage is inclusive of the increased units from the optional density provisions (bonus density).	1. 12.5% 2. The Council may establish a higher base requirement, up to 15%, as part of a master plan approval.	1. SFD & SFA: 12.5%, inclusive of the density bonus units. 2. MF: 6.25%. 3. The percentage is inclusive of the increased units from the density bonus.
Eligibility	100% of the Talbot County MFI, adjusted based on Easton's MFI. For-Sale units: 50% units required for median income households (up to 80% MFI) and the remainder to moderate-income households (up to 100% MFI). Rental Units: 50% units required for very low-income households (up to 50% MFI) and the remainder to low-income households (up to 60% MFI).	1. 80% of MHI. 2. Must not have owned any residential property during the previous five years.	1. 100% or less than the Baltimore MSA MFI, adjusted for family size. 2. City resident or employed by the City within the past 12 mos.; employee of the City; City public school teacher or staff member; employee of the Naval Academy; resident of the County and is under a disability.	1. Garden Apartment or High-Rise Rental: 65% of the AMI. 2. Purchase or High-Rise Rental: 70% of the AMI. 1. Members of a household must not have owed any residential property during the previous 5 years (may be waived for good cause).	1. 30% to 80% of the Washington MSA median household income. 2. Priority given to persons who first live within the City, then second, work within the City.	1. For-sale units: 30%-70% of Washington MSA median income. 2. Rental units: 30%-50% of Washington MSA median income.

	EASTON	QUEEN ANNE'S COUNTY	ANNAPOLIS	MONTGOMERY COUNTY	FREDERICK	LOUDOUN COUNTY, VA
Control Period	1. For-sale units: 20 years. 2. Rental Units: 30 years.	1. For-sale units: 15 years. 2. Rental units: 25 years. 3. Covenants recorded in the County land records. 4. Units sold during the control period reverts to a new control period.	1. For-sale units: 30 years. 2. Rental units: 99 years. 3. Units sold during the control period reverts to a new control period.	1. For-sale units: 30 years. 2. Rental units: 99 years. 3. If a for-sale unit is sold within 30 years after its original sale, the unit must be treated as a new sale and a new control period must begin on the date of the sale. 4. MPDU Agreement recorded in the land records is required.	1. 30 years. 2. MPDU Agreement is recorded in the land records of Frederick County with assurance that the City may create a lien to collect a portion of the sale price or the foreclosure sale price that exceeds the approved resale price.	
Cash-In-Lieu	Permitted, with approval by the Town Council and based on specific considerations, for the adaptive reuse or nonresidential to residential conversion of 10 or more units.	Permitted based on specific PC findings (dedication is impractical based on site physical characteristics, public benefits outweigh the benefits of constructing on site, etc.).	Not permitted.	1. Developments between 11 and 19 units require a payment to the Housing Initiative Fund. 2. An alternative payment agreement may be approved by the Director instead of building some or all of the required for-sale units with the funds placed in the Housing Initiative Fund and upon specific findings.	1. Permitted for all or a portion of the required units. 2. The density bonus cannot be applied if payment is made in lieu of building the units.	Permitted for developments which contain only SFD units.
Cash-In-Lieu Fees	Initially established by ordinance as flat fees based on the average market rate unit price (range = $3,000 to $7,500), as amended by the Council. The draft ordinance gives the Town Council the ability to establish fees through alternative calculation methods.	Difference between median price of same size units sold in the prior year and maximum allowable price of an MPDU unit.	Not permitted.	The payment in lieu of satisfying all the required units is 3% of the sale price of each market rate unit in the development. A payment made in partial satisfaction of the required units is adjusted based on the percentage of required units provided.	$16,100 per unit.	100% of the construction cost of a prototypical SFD affordable dwelling unit based on the number of bedrooms provided within the predominate market rate units in the development. The cash in lieu fee is adjusted by the CPI at the time the actual contribution is transferred to the County.
Other Alternatives	1. Build off-site and sell one and one-half the required number of units. 2. Purchasing land in the County and donating to a qualified housing organization to build one and one-half the required number of units. 3. Consideration given for other unique or innovative proposals.	1. Off-site option approved by PC based on access to public amenities and surrounding density and land use compatibility. 2. Donations of on-site or off-site land if the land is suitable for construction. The value of the land must be equal to or greater than the value of the fee-in-lieu payment.	The design, construction, pricing or amenity package may be eliminated or modified by the Department of P&Z if it lessens the eligibility of eligible persons to qualify.	1. Allows an applicant to build high-rise units at another location. 2. Allows an applicant to transfer land to the County if the value transferred is at least equal to the value of the units not constructed by the applicant. The land must be used to produce or preserve moderately-priced units or can be sold with the funds allocated to the Affordable Housing Acquisition and Preservation CIP portion of the Housing Initiative Fund. 3. If a waiver of impact fees is granted, the applicant cannot propose an alternative compliance.	Government or non-profit agencies may buy or lease up to 20% of the units as they become available.	1. The percentage of affordable units, density bonuses, and phasing requirements can be modified upon approval by the Board of Supervisors based on specific criteria but the affordable units can be no less than 5%. However, the ratio of affordable units proposed to the total density increase is no less than 12.5:20% for SFD and SFA and 6.25%/10% for MF. 2. The Board of Supervisors may approve a combination of affordable dwelling units, land, or contributions equivalent to providing the required number of affordable units.

	EASTON	QUEEN ANNE'S COUNTY	ANNAPOLIS	MONTGOMERY COUNTY	FREDERICK	LOUDOUN COUNTY, VA
Incentives (Including Density Bonuses)	1. Density bonus of 20% from the base zoning district density limits. 2. The developer can receive up to a 20% relief from bulk requirements and parking standards. 3. For adaptive reuse and nonresidential to residential conversion: a) Impact fee subsidies from the Housing Fund b) Reduction in capital charges. c) Real property tax abatement for developers that provide at least 20% inclusionary units.	1. Density bonus of 10%. 2. County Commissioners may subsidize, adjust, or exempt impact fees.	1. For-sale units: 15% density bonus. 2. Rental units: 10% density bonus. 3. The P&Z Director can provide up to 20% relief from bulk, parking, and loading development standards.	1. Optional density bonus provisions are allowed in certain zoning districts. The optional density provisions permit additional building types and more flexibility in dimensional standards other than those allowed under the standard method of development when units are provided above the minimum required. Ex: In a residential detached zone, an applicant who voluntarily provides at least 12.5% units in a development with 20 or fewer dwelling units may use the optional method development standards Ex: In Commercial/Residential zones (mixed-use), the Floor Area Ratio (FAR)\ for residential density can be increased for increases in units above 12.5%. If 100% of the units are inclusionary, the total FAR (nonresidential and residential) is exempt from limits provided the maximum residential density does not exceed 2.5 FAR	1. A sliding scale density bonus is allowed if the developer constructs more than the minimum required of units, but no more than 22% over the maximum density.	1. SFD & SFA - 20% density bonus. 2. MF - 10% density bonus. 3. Maximum 90-day review time for final site plans, preliminary subdivisions or record plats. 4. Application fee waivers for developments where the applicant proposes a Concept Development Plan Amendment only in order to provide affordable dwelling units which are otherwise exempt. 5. Review of final site plans, preliminary subdivisions, or record subdivision plats processed within 90 days provided that such plans and plats substantially comply with all ordinance requirements when submitted (time does not include the applicant's time for revisions or modifications).
Maximum Sales Price	See examples included in the Council's packet.		Set annually and assumes market rate interest with no more than 30% of the annual gross household income applied towards the cost of housing.	The sale price, including closing costs and brokerage fees, must not exceed an applicable maximum sale price established from time to time by the County Executive.	Established by the Board of Alderman and adjusted periodically based on the CPI percentage change.	The sales prices for affordable housing units provided shall be in accordance with the rules and regulations governing such programs.
Maximum Rent	See examples included in the Council's packet.		Rental rates are recalculated yearly and capped at 100% of HUD's fair market rents if the property owner pays all utilities, and at 80% of fair market rents if the property owner does not pay all utilities.	1. The rent for any unit, including surface parking but excluding utilities when they are paid by the tenant, must not exceed a maximum rent for the unit set by regulations. 2. Different rents must be set for units when utility costs are paid by the owner and included in the rent. 3. Different rents may be set for age-restricted units. 4. Different rents also may be set for high-rise rental units.	Established by the Board of Alderman. Two different rates based on whether the renter pays utility costs. Rates include parking.	The rents for affordable housing units provided shall be in accordance with the rules and regulations governing such programs.
Resale Restrictions	A subordinate shared appreciation loan agreement is required at the time of closing in favor of the Town	Cannot be resold for a price greater than the original selling price plus a percentage of the selling price based	The initial difference in value between the purchase price and the real market value is paid to the City unless the	A purchase and sale agreement and any deed or instrument conveying title must acknowledge that the owner	Sales during the control period: Cannot be resold for a price greater than the original sales price plus a	Not specified in the legislation.

	EASTON	QUEEN ANNE'S COUNTY	ANNAPOLIS	MONTGOMERY COUNTY	FREDERICK	LOUDOUN COUNTY, VA
	of Easton. Net proceed rules will need to be established.	on the CPI, value of improvements, and allowance for closing costs. Sales after the control period: If the resale price exceeds the sum of the above, the seller contributes to the County Housing Fund 50% of the difference, which can be adjusted so the seller retains at a minimum $10,000.	purchaser owns and occupies the unit for at least 30 years; the seller keeps the net proceeds.	cannot sell the property until they have notified the Department that the unit is for sale, the Department has notified the owner they do not intend to buy the unit, and the Department has notified the owner of the maximum resale price. When a deed or other instrument conveying title to an MPDU is recorded in the land records, the grantor must cause to be filed in the land records a notice of sale for the benefit of the County in the form provided by state law. Resale requirements during the control period and first sale requirements after the control period are similar to Frederick's provisions.	percentage of the unit's price based on the CPI, fair market value of improvements, allowance for closing costs, and a reasonable sales.commission Sales after the control period: If the resale price exceeds the sum of the above, the seller contributes to the City Housing Fund 50% of the difference, which can be adjusted so the seller retains at a minimum $10,000.	
Eligible Housing Fund Expenditures	Not included in the draft legislation.	Not Specified in the legislation. The Housing Department provides grants or loan funding for housing rehabilitation and emergency home repair and manages the Critical Workforce Mortgage Program.	Housing trust funds are used for the following: 1. Purchase land or buildings for other affordable housing to persons that meet the eligibility criteria 2. Contribute to settlement expense, down payment, and mortgage write-down assistance to eligible persons or households 3. Construct for-sale units 4. Purchase and/or rehabilitate rental housing for conversion to home ownership 5. Rehabilitate residential units 6. Match other state or federal housing programs 7. Pay for administrative costs 8. Contract with nonprofit developers for development of housing units for sale 9. Grant rental assistance to eligible persons or households.	Housing Initiative Fund payments cannot be used to reduce the annual county payment to the fund, must be deposited in the Affordable Housing Acquisition and Preservation CIP, and must be used only to buy, build, or preserve more units in the same planning area as the development for which the payment was made (unless the payment is used in a Planning Area where at least 45% of the census tracts have a median household income of at least 150% of the County-wide median household income or the Director provides the Council with a notice of intent to use the payment in a different planning area).	Used for the following: 1. Offset the costs of operating the program. 2. To purchase and resell or rent the unit. 3. Address the affordable housing needs of low-income and special populations that don't qualify or may require supportive or service-enriched housing. 4. Provide homebuyer education, delinquency, and default counseling 5. Provide grants for the modification of units to promote accessibility. 6. Provide grants for the modification of units to promote energy efficiency and conservation. 7. Provide emergency loans to buyers to prevent mortgage defaults. 8. Address health and life safety hazards in owner-occupied housing.	Cash in lieu fees are placed in the Loudoun County Housing Trust Fund.
Management	TBD	Housing Department. The department maintains an eligibility list and certifies eligibility, including a	Department of Planning and Zoning, Division of Community and Economic Development. Staff grant and monitor	Department of Housing and Community Affairs. The Department maintains a list of eligible households.	Frederick Community Action Agency. The CAA maintains a list of eligible persons.	1. Department of Family Services. 2. Affordable Dwelling Unit Advisory

	EASTON	QUEEN ANNE'S COUNTY	ANNAPOLIS	MONTGOMERY COUNTY	FREDERICK	LOUDOUN COUNTY, VA
		completion of home ownership counseling. Points are awarded based on waiting time on the eligibility list, county residency, employment in the county, and qualification as a Critical Workforce Employee (emergency responders, law enforcement, and teachers). Department annually monitors the occupants of rental units.	certificates of eligibility.	The Executive by regulation establishes a buyer and renter selection system which considers household size, County residency, employment in the County, and length of time since the household was certified for the program. Eligible households will be notified when units are available for sale or rent and will be given an opportunity to buy or rent a unit during a 90-day priority marketing (60-day for resale price or renter vacancy) period in the order of their selection priority ranking.		Board.

Source: Department of Planning and Zoning, Town of Easton, MD

INCLUSIONARY HOUSING ORDINANCE

DRAFT - February 17, 2023

Section 1601 Purpose.

The purpose of this Article is to promote the public health, safety, and general welfare by promoting housing of high quality, located in neighborhoods throughout the community, for households of all incomes, ages, and sizes, in order to promote a culturally and economically diverse population in the Town. Based upon the review and consideration of the Town's officially adopted Comprehensive Plan (2010) as well as subsequent reports and analyses of the housing situation in the Town of Easton, it is apparent that the diversity of the Town's housing stock has declined as a result of rapidly increasing property values and housing costs and a reduction in the availability of housing choices. In light of this situation, the Easton Town Council makes the following findings:

1. It is a legitimate public purpose of the Town to achieve a diverse and balanced community with housing available for households of all income levels. Economic diversity fosters social and environmental conditions that protect and enhance the social fabric of the Town and are beneficial to the health, safety, and general welfare of its residents.
2. The Town is experiencing an increasing shortage of attainable housing due in part to the high cost of newly constructed housing. As a result, much of the workforce is excluded from many new neighborhoods, live in overcrowded or substandard housing, and devote an inordinately large percentage of their incomes to pay for housing.
3. In the legitimate pursuit of other worthy and valid goals relative to growth management, redevelopment, and resource protection, the amount of land available for residential development in the Town of Easton is limited, thereby exacerbating the housing supply and affordability problem.
4. The Town recognizes the need to provide attainable housing in order to maintain a diverse population and provide housing for those who live or work in the Town and Talbot County.
5. Without intervention, the increasing housing prices is resulting in an inadequate supply of affordable housing for residents and employees, which will have a negative impact upon the ability of the Town to attract new employers; to maintain an adequate work force to retain and expand existing employers; guarantee the public health, safety, and general welfare of the Town and its residents.
6. The remaining land available and appropriate for new residential development within the Town is limited. It is essential that a reasonable proportion of such land be developed into housing units attainable to households and working families.
7. While this Article provides specific alternatives to the production of on-site inclusionary units, the intent and preference of this Article is for the provision of inclusionary units constructed on-site and privately produced, owned, and managed.

Section 1602 Definitions.

1. Adaptive Reuse: Repurposing of an existing building(s) or structures, often obsolete or historic, for any use(s) other than the present use(s).

2. Affordable Housing Fund: A fund or account designated by the Town of Easton to maintain and account for all monies received pursuant to this Chapter.

3. Affordable Rental Rates: Based on household income limits that do not exceed the following:

   (a) Very low-income households: one-twelfth of 30 percent of 50 percent of Median Family Income, adjusted for household size, appropriate for the unit or market rent, whichever is less.

   (b) Low-income households: one-twelfth of 30 percent of 60 percent of Median Family Income, adjusted for household size, appropriate for the unit or market rent, whichever is less.

4. Affordable Sales Price: The maximum amount of a mortgage loan that could be obtained based on the monthly affordable mortgage payment, interest rate, and a fully amortized 30-year fixed rate mortgage. The affordable sales price is adjusted based on a reasonable down payment.

5. Applicant or Developer: A person, persons or entity that applies for a residential development and also includes the owner or owners of the property if the applicant does not own the property on which residential development is proposed.

6. Approval Body: The body with the authority to approved the residential development.

7. Attainable Housing: Housing types, through ownership or rental, that are attainable to those households making 110% or less of the MFI and generally do not spend more than 30% of their income on housing costs.

8. Carrying Charges: Expenses the owner of a home pays over the course of owning it. These costs usually include utilities, debt service payments, property taxes, insurance, deferred water and sewer fees, and homeowner association fees, among other items.

9. Cash in Lieu Fee: A fee required when the calculation of the inclusionary obligation results in a fraction of an inclusionary unit or when the developer pursues an alternative compliance option. In-lieu fees are initially established by the Chapter and may be revised from time-to-time by resolution of the Town Council, upon recommendation by the Easton Affordable Housing Board. Fees may be determined for a specific residential development through the preparation of an affordability gap analysis that will determine the difference between the inclusionary sales price or rent and the fair market rate price for the unit or in any other manner adopted by the Town Council.

10. Continued Affordability: The time during which an inclusionary unit is subject to rental price controls and owner occupancy and resale requirements.

11. Covered Project: Any project meeting the criteria of this section shall be deemed a covered project. A covered project is subject to a Town of Easton Housing Inclusionary Housing Plan and Inclusionary Housing Agreement.

12. Density Bonus: Dwelling units approved in a residential development that are in excess of the maximum allowable residential density otherwise permitted by the Town of Easton.

13. Inclusionary Housing Agreement: An agreement between the Town of Easton and an applicant governing how the applicant shall comply with this Chapter.

14. Inclusionary Housing Guidelines: Any requirements for implementation and administration of this Chapter, recommended by the Easton Affordable Housing Board and adopted by the Town Council. Adopted inclusionary housing guidelines may include, but not be limited to, standards for determining household composition; income eligibility and prices for sale and rental of inclusionary units; income limit schedules; inclusionary housing costs or carrying charges; design guidelines; provisions of continued monitoring of tenant eligibility; and document templates. Guidelines may also specify the contents of the inclusionary housing plan and are updated on a regular basis.

15. Inclusionary Housing Plan: A plan containing all of the information specified in this Chapter, and includes the manner in which inclusionary units will be provided in conformance with this Chapter and any adopted inclusionary housing guidelines.

16. Inclusionary Unit: A dwelling unit required by this Chapter to be affordable to 30% MFI, very low, low, median, or moderate-income households and subject to recorded affordability restrictions.

17. Low-Income Households: Those households whose income does not exceed ~~80%~~ 60% of the MFI, adjusted for household size.

18. Market Rate Housing: Housing that already exists or is part of a proposed development that is based on existing area market values and demand and is not an inclusionary unit. Families making above 110% of the median family income qualify for market rate housing.

19. Median Family Income (MFI): An annual estimate calculated by HUD as a function of the area's MFI. The basis for HUD's MFI is data from the American Community Survey. The MFI is adjusted each year by the Easton Affordable Housing Board based on Easton's median income.

20. Median-Income Households: Those households whose income does not exceed 80% of the MFI, adjusted for household size appropriate for the unit.

21. Moderate-Income Households: Those households whose income does not exceed 110% of the MFI, adjusted for household size appropriate for the unit.

22. Monthly Affordable Mortgage Payment: The cost that will be affordable to the specified household at the specified income level as follows:

    (a) Median-income households: one-twelfth of 30 percent times 80 percent of Median Family Income adjusted for household size appropriate for the unit.

    (b) Moderate-income households: ~~Not be less than 28 percent of the gross income of the household, nor exceed o~~One-twelfth of ~~35~~ 30 percent times 110 percent of Median Family Income adjusted for household size appropriate for the unit.

    The monthly affordable mortgage payment is adjusted based on property taxes, homeowner association fees, mortgage insurance and property insurance premiums, utility costs, ~~and~~ a reasonable allowance for property maintenance and repairs, and ~~utilities~~

23. Ownership Residential Development: Any development that includes the creation of one or more residential dwelling units that may be sold individually.

24. Priority Preference: Priority preference for the sale or rental of units is given to persons who live or work in the Town of Easton or as otherwise determined by the Town Council.

25. Qualified Housing Organization: A public housing authority or a non-profit organization whose mission includes the purpose of providing attainable housing.

26. Rental Residential Development: Any development that creates one or more residential dwelling units that are not lawfully sold.

27. Residential Development: Any development that includes residential units for which a development site plan, preliminary plat subdivision, or building permit is required that includes:

    (a) The creation of one or more dwelling units;

    (b) The substantial rehabilitation of one or more dwelling units;

    (c) The creation of dwelling units through adaptive reuse; or

    (d) The conversion of non-residential uses to dwelling units.

28. Substantial Rehabilitation: Any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which equals or exceeds 50% of the structure's market value before the improvement's start of construction.

29. Very Low-Income Household: Those households whose income does not exceed 50% of the MFI, adjusted for household size.

Section 1603 Intent.

The intent of these regulations is:

1. To provide attainable housing opportunities and choices for all of Easton's citizens;

2. To mitigate the impact of market rate housing construction on the limited supply of available land suitable for attainable housing, thus excluding housing that meets the needs of all economic groups within the Town; and

3. To prevent overcrowding and deterioration of the limited supply of attainable housing, and thereby promoting the public health, safety and general welfare of the Town and its residents.

4. To promote the integration of attainable housing with market rate housing.

Section 1604 Authority.

These regulations are enacted under the authority of Article XX, Section XX, of the Annotated Code of Maryland.

Section 1605 Applicability.

1. Except as otherwise provided in this Chapter, these regulations shall apply to all residential development on a site, or portion thereof, at one location which is the subject of an application for a development site plan, preliminary plat subdivision, or building permit, whichever comes first.

Section 1606 Exemptions.

1. This Chapter does not apply to a development that sets aside affordable dwelling units in accordance with Section 42 of the Federal Internal Revenue Code, pursuant to which a restricted covenant is to be recorded in the land records of Talbot County setting forth income limitations of tenants in accordance with the Federal Low Income Housing Tax Credit Program in favor of the Maryland Department of Housing and Community Development or a subsidiary thereof or other

governmental entity responsible for administration of the Federal Low-Income Housing Tax Credit Program.

2. Projects undertaken by a nonprofit housing development organization or a continuing care retirement community if at least 12.5% of the persons renting or purchasing units would be considered eligible to buy or rent an MPDU.

3. Accessory Dwelling Units are exempt from the provisions of this Chapter.

Section 1607 Inclusionary Housing Requirements.

1. Residential developments proposing 5 or more dwelling units through new construction and/or substantial rehabilitation of existing structures or the creation of 10 or more dwelling units through adaptive reuse or conversion of a nonresidential use to residential use shall provide 10% of the dwelling units in the residential development as inclusionary units upon the same site as the residential development as follows:

   (a) Ownership residential development. The applicant shall provide:

      1) 50% of the inclusionary units in the residential development available at an affordable sales price to median-income households

      2) 50% of the inclusionary units in the residential development available at an affordable sales price to moderate-income households

   (b) Rental residential development. The applicant shall provide:

      1) 50% off the inclusionary units in the residential development available at an affordable rent to very low-income households

      2) 50% of the inclusionary units in the residential development available at an affordable rent to low-income households

2. In the event only one inclusionary unit is required, or in the case of required rental inclusionary units that result in less than four units, the inclusionary unit(s) shall be provided at the lower required affordability level(s). In the event the required inclusionary units result in a fraction that does not evenly divide by the percentages required above, the required fractional portion shall be met through a cash in lieu fee for one inclusionary unit as specified in Section 1609 below. A cash in lieu fee for the required fractional portion is not subject to Town Council approval.

3. Calculations of the number of inclusionary units required by this section shall be based on the number of dwelling units in the residential development, excluding any density bonuses.

4. When a residential development includes both ownership and rental dwelling units, the provisions of this Chapter that apply to ownership residential development shall apply to that portion of the development that consists of ownership dwelling units, while the provisions of this Chapter that apply to rental residential development shall apply to that portion of the development that consists of rental dwelling units.

5. Multiple developments or projects by the same applicant or responsible party within any consecutive twelve (12) twenty-four (24) month period that in the aggregate equal or exceed the above criteria shall be subject to these regulations.

6. An applicant for a development site plan, preliminary plat subdivision, or building permit shall not avoid the requirements of this chapter by submitting piecemeal applications. At the time of the application for first approval for the residential development, the applicant shall identify all contiguous property under common ownership and control. The applicant shall not be required to construct dwelling units upon the contiguous property at the time of the application for first approval; however, the applicant shall be required to include the contiguous property under common ownership or control in its inclusionary housing plan. The inclusionary housing agreement shall be recorded against the residential development and all contiguous property under common ownership or control. The agreement shall require compliance with this Chapter upon development of each contiguous property at such time as there are applications that would authorize a total of five or more residential units through new construction and/or substantial rehabilitation of existing structures or 10 or more residential units through adaptive reuse or conversion of a nonresidential use to residential use for the residential development and the contiguous property under common ownership or control.

7. An applicant shall not be exempt from the requirements by submitting phased applications for the residential development. Occupancy permits for no more than fifty percent (50%) of the market rate units shall be issued prior to the issuance of occupancy permits for fifty percent (50%) of the inclusionary units. Occupancy permits for no more than seventy-five percent (75%) of the market rate dwelling units shall be issued until occupancy permits have been issued for seventy-five percent (75%) of the inclusionary units for the residential development. Occupancy permits for no more than ninety percent (90%) of the market rate dwelling units shall be issued until occupancy permits have been issued for one hundred percent (100%) of the inclusionary units for the development.

8. The following information shall be submitted with each building permit application for a market rate dwelling unit within the residential development:

   (a) The total number of dwelling units, market rate units, and inclusionary units proposed for the development;

   (b) The number of occupancy permits already issued for market rate units within the development;

(c) The number of occupancy permits already issued for inclusionary units within the development; and

(d) The lot number or unit number of each inclusionary unit for which an occupancy permit has been issued.

Section 1608 Inclusionary Housing Incentives.

1. The developer of a residential development on a base residential zoning district providing all required inclusionary units upon the same site as the market-rate units may, at the developer's sole option and concurrently with the submittal of the inclusionary housing plan, may receive a density bonus of 20% from the base zoning district.

2. The developer of a residential development providing all required inclusionary units upon the same site as the market rate units may receive up to a 20% variance in development standards, including lot size, lot frontage, lot coverage, height, and setbacks, as well as a 20% modification from the required parking standards.

3. Residential developments proposing the creation of 10 or more dwelling units through adaptive reuse or conversion of a nonresidential use to residential use shall receive:

    (a) A cash subsidy from the Affordable Housing Fund for the payment of Impact Fees provided that the Town’s Impact Fee Ordinance allows for such a payment, the funds necessary to provide the cash subsidy exist, and such expenditure is approved by the Easton Town Council after recommendation by the Affordable Housing Board; and

    (b) A reduction in the applicable capital charges;

    (c) Residential developments that provide at least 20% of the dwelling units as inclusionary units shall be eligible for real property tax abatement as established by the Town Council.

Section 1609 Alternative Compliance Options.

1. In the case where inclusionary units are provided on-site pursuant to Section 1607 above, the developer shall provide inclusionary units at a price or rent approved by the Affordable Housing Board. Nothing in this Chapter precludes the developer from partnering with a qualified housing organization to build the on-site inclusionary units provided at least 10% of the units within the development project would be considered eligible to buy or rent by persons at or below the income limitations specified in Section 1607 of this Chapter.

2. Alternatively, the developer may:

(a) Build and sell at least one and one-half times the required number of the inclusionary units of the residential development off-site within the Town limits of Easton on property either owned by the Town or by partnering with a qualified housing organization to build inclusionary units.

(b) A developer may also fulfill their off-site requirement by purchasing land within Talbot County and donating it to a qualified housing organization for them to build one and one-half times the required number of inclusionary units.

(c) The developer's proposal for off-site construction of inclusionary units is subject to Town Council review and approval. The Town may grant off-site construction approval if the proposal meets all of the following conditions:

1) Off-site inclusionary units shall comply with the general requirements defined in Section 1610 and with any adopted inclusionary housing guidelines;

2) Financing or a viable financing plan, which may include public funding, shall be in place for the off-site inclusionary units;

3) The off-site location, based on location, size, and existing conditions, is suitable for the proposed inclusionary housing and is consistent with any adopted inclusionary housing guidelines;

4) If located outside the Town of Easton, all entitlements and land development permits have been obtained; and

5) Construction of the off-site inclusionary units may not have commenced prior to the first approval of the residential development.

3. Residential developments proposing the creation of 10 or more dwelling units through adaptive reuse or conversion of a nonresidential use to residential use may provide a cash in lieu ~~of~~ fee according to the development categories below. A request for a cash in lieu ~~of~~ fee shall be made concurrently with the development site plan, preliminary subdivision or building permit application, whichever comes first.

(a) The cash in lieu ~~of~~ fees for for-sale and rental inclusionary units shall be calculated and updated by the Easton Affordable Housing Board on an annual basis and may also include estimated costs of administration.

(b) The Town shall not issue a building permit for any market rate housing units until all cash in lieu ~~of~~ fees have been paid to the Town of Easton.

(c) In reviewing a request for cash in lieu ~~of~~ fee, the Town Council shall take into consideration:

1) Whether there are unique, or unusual site constraints, such as adverse impacts on environmental resources and features on the subject parcel and adjacent parcels;

2) Unusual costs associated with development of the subject property; or

3) Overriding public health, safety and welfare issues.

(d) Cash in lieu ~~of~~ fees are to be paid prior to issuance of the first building permit and shall be calculated in terms of current dollars, adjusted by the CPI, at the time the actual contribution is officially transferred to the County. Fees collected shall be placed in the Affordable Housing Fund to be used by the Easton Affordable Housing Board for their programs.

Average market rate unit price within the development is under $300,000 = $3,000 per permit

Average market rate unit price within the development is $300,000-$500,000 = $5,000 per permit

Average market rate unit price within the development is over $500,000 = $7,500 per permit

4. A developer may propose an alternative compliance method to provide inclusionary units through other means consistent with this Chapter and any adopted inclusionary housing guidelines. The approval body may approve or conditionally approve such an alternative only if the approval body determines, based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels or will otherwise provide greater public benefit than would the provision of the on-site inclusionary units.

Section 1610 Inclusionary Housing Plan and Agreement.

1. An application for the first approval of a residential development shall include an inclusionary housing plan describing how the development will comply with the provisions of this Chapter and the inclusionary housing guidelines, if applicable. As an alternative to compliance with the basic provisions included in this Chapter, an applicant may propose one of the alternatives listed in Section 1609 of this Chapter as part of the inclusionary housing plan.

2. Any proposed density bonus, variances, modification of parking standards, or other incentives shall be included in the inclusionary housing plan.

3. No application for a residential development may be deemed complete unless an inclusionary housing plan is submitted in conformance with this Chapter.

4. Before the approval body may approve the inclusionary housing plan, the approval body must affirmatively find that the inclusionary housing plan conforms to the requirements set forth in this Chapter. A plan shall be attached to the first approval submittal of any residential development and the inclusion agreement, described below, shall be recorded prior to the approval of any final site plan, final record plat, or building permit for the residential development.

5. The approved inclusionary housing plan for a residential development, or for a building phase in a residential development, where phasing has been approved as part of planning permit approvals, may be amended prior to issuance of any building permit for the residential development or building phase, if applicable. A request for a minor modification of an approved inclusionary housing plan may be granted by the Town Manager or their designee if the modification is substantially in compliance with the original inclusionary housing plan and conditions of approval. Other modifications to the inclusionary housing plan shall be processed in the same manner as the original plan.

6. The inclusionary housing plan shall describe the applicant's marketing plan in conformance with Section 1613 below, which shall comply with all applicable fair housing and discrimination laws and shall not discriminate in the sale or rental of inclusionary units on the basis of race, color, religion, sex, familial status, national origin, marital status, sexual orientation, gender identity, disability, or source of income, with the exception of residential developments that comply with the Housing for Older Persons Act.

7. The applicant shall enter into an inclusionary housing agreement with the Town of Easton, in a form approved by the Town Attorney, to be executed by the Town Manager or their designee, to ensure that all the requirements of this chapter are satisfied.

   (a) The inclusionary housing agreement shall be recorded against the residential development prior to approval of any final site plan or final record plat, or issuance of any building permit, whichever occurs first.

   (b) The inclusionary housing agreement shall specify the number, type, location, size, and phasing of all inclusionary units, provisions for income certification and screening of potential purchasers or renters of units, maintenance obligations, and the financing of ongoing administrative and monitoring costs, consistent with the approved inclusionary housing plan and any adopted inclusionary housing guidelines, as determined by the Town Manager or designee.

(c) The inclusionary housing agreement shall define rent and sale price increase procedures, and provide formulas for how resale prices for ownership inclusionary units are calculated, including the ability for homeowners to capture some or all of the depreciated value of capital improvements they made to the inclusionary unit.

(d) In selecting households for the inclusionary units in accordance with this Chapter, the inclusionary housing agreement shall specify preferences that shall be given as described in the inclusionary housing guidelines, if any.

Section 1611 Percentage of Affordable Units.

All covered projects shall meet the percentage requirements for inclusionary units as specified in Section 1607. The percentage of inclusionary units shall be calculated with a base number that excludes any bonus units added to the covered project under Section 1608.

Section 1612 General Requirements for Inclusionary Units.

1. In addition to design requirements that may be specified in the inclusionary housing guidelines, all covered projects must comply with the requirements set forth in subparagraphs (a) through (g) below:

(a) On-site inclusionary units shall be interspersed among market rate units.

(b) In order to assure an adequate distribution of on-site inclusionary units by household size, the bedroom mix of inclusionary units in any project shall be in the same ratio as the bedroom mix of the market rate units of the project, unless otherwise approved by the Easton Planning Commission and/or the Easton Town Council.

(c) On-site inclusionary units may differ from the market units in a covered project with regard to interior amenities and gross floor area; provided, that:

1) These differences, excluding differences related to size differentials, are not apparent in the general exterior appearance of the project's units; and

2) These differences do not include insulation, windows, heating systems, and other improvements related to the energy efficiency of the project's units; and

3) The gross floor area of the inclusionary units is not less than the following minimum requirements, unless otherwise recommended in the inclusionary housing guidelines approved by the Easton Town Council.

NUMBER OF BEDROOMS	Minimum SIZE
Studios	**600 square feet**
One bedroom	**850 square feet**
Two bedrooms	**1,100 square feet**
Three bedrooms	**1,300 square feet**
Four bedrooms	**1,500 square feet**

(d) The inclusionary units shall have the same amenities as the market rate units included within the development, such as access to and enjoyment of common open space, parking, storage, and other facilities in the residential development.

(e) Priority in the sale of on-site inclusionary units may be established by criteria specified in the inclusionary housing guidelines;

(f) Except for household income limitations as set forth herein, occupancy of any on-site inclusionary unit shall not be limited by any conditions that are not otherwise applicable to all units within the covered project; and

(g) The final calculations for the number of on-site inclusionary units and the sales or rental price for these units shall be made prior to the issuance of building permits for the covered project.

Section 1613 For-Sale of Inclusionary Units.

1. The Developer (or designee) is responsible for the screening and qualification of the initial purchaser of a for-sale inclusionary unit. The Developer must provide 90 days advance written notice to the Town of Easton and the Easton Affordable Housing Board ~~of~~ prior to the initial marketing of the inclusionary units for the calculation of the affordable housing cost, as adjusted to an Affordable Sales Price pursuant to this Chapter and the inclusionary housing guidelines. Final approval of qualified applicants is contingent on approval by the Easton Affordable Housing Board.

2. Every unit will be first marketed to priority persons for 90 days from the initial marketing period. Following the priority marketing period, a unit may be offered for sale to the general public.

3. The Easton Affordable Housing Board shall establish guidelines for the calculation of the Affordable Sales Price for an inclusionary unit within a residential development and the calculation shall be updated yearly thereafter.

4. Unless otherwise specified in the inclusionary housing guidelines, the following provisions shall apply to the calculation of selling prices of inclusionary units:

(a) The maximum income limit shall be adjusted for household size, which is equal to one person greater than the number of bedrooms in the unit, except that the appropriate household size for studios is two persons.

(b) With respect to on-site inclusionary units offered for sale, the maximum affordable sales price shall be based on:

1) A fully amortized fixed-rate thirty-year mortgage, consistent with a "blended rate" for Easton banks, Talbot County based mortgage lenders, and the Maryland Department of Housing and Community Development. A lower rate may be used in calculating affordable prices if the developer can guarantee the availability of a fixed-rate thirty-year mortgage at this lower rate from another source for all of the inclusionary units required for the covered project;

2) A reasonable down payment ~~of~~ but no more than five percent (5%) of the purchase price.

4. In calculating additional carrying charges of inclusionary units, such as utilities and repairs, and maintenance, the following relationship between unit size and household size applies, unless otherwise specified in the inclusionary housing guidelines:

Efficiency units	1-person household
One-bedroom units:	1.5-person household (average of one and two-person household incomes)
Two-bedroom units:	3-person household
Three-bedroom units:	4.5-person household (average of four and five-person household incomes)
Four-bedroom units:	6-person household

5. The purchaser of a for-sale inclusionary unit shall execute and consent to the affordability restrictions and other conditions at the close of escrow and shall execute a Subordinate Shared Appreciation Loan agreement in favor of the Town of Easton, secured by a Deed of Trust, for the amount of the Subordinate Shared Appreciation Loan.

6. The inclusionary unit shall be the purchaser's primary place of residence.

Section 1614 Rental of Inclusionary Units.

1. The developer, property owner, or property manager is responsible for verifying household income eligibility and for incorporating any applicable priority preference requirements for the selection of households into the screening process.

2. Every unit will be first marketed to priority persons for 90 days from the initial marketing period. Following the priority marketing period, a unit may be offered for sale to the general public.

3. Unless otherwise specified in the inclusionary housing guidelines, the calculation of affordable rental rates of inclusionary units shall be adjusted for household size, which is equal to one person greater than the number of bedrooms in the unit, except that the appropriate household size for studios is two persons.

4. The Affordable Rental Rate includes all charges related to occupancy of the unit including utilities, parking fees, fees for use of common facilities and amenities, and other fees and charges. If utilities are paid by tenants of the rental inclusionary units, the rent for the units shall be adjusted downward for tenant utility expenses.

5. In situations where there are multiple affordability restrictions/income or rent limits set by different funding requirements or jurisdictions, the residential development shall adhere to the strictest requirement so it can meet all of the layering restrictions.

6. The maximum Affordable Rental Rates shall be adjusted annually based on the most recently published Household Income Limits by the Easton Housing Affordability Board. The Board shall notify the property owner or property manager of the new rental rates. If the owner chooses to raise rents, the tenant must be given a sixty (60) day notice before any rent increase.

7. Each residential development containing rental inclusionary units shall be subject to an annual compliance process, which shall be specified in the inclusionary housing agreement.

8. Rental inclusionary unit tenants will be subject to the same conditions of tenancy as other tenants occupying the same property, except for the requirements provided by this Chapter and terms related to occupancy, income eligibility, annual recertification, limits on rents, and other terms that may be included in the inclusionary housing guidelines.

9. The initial lease term for the rental inclusionary unit shall be for one year.

Section 1615 Marketing of Inclusionary Units.

Any applicant developing a covered project shall adhere to the following provisions with respect to the initial offering of inclusionary units for sale or rent:

1. The developer shall be responsible for marketing, renting, and selling of all inclusionary units.

2. The developer shall notify the Easton Affordable Housing Board and the Town of Easton of the prospective availability of any inclusionary units at the time that the building permit is issued for such units in a covered project.

3. The property owner or property manager shall post each vacant rental inclusionary unit as soon as possible but not later than ten (10) days after notice of an impending vacancy and provide advanced notice of the opening to the Easton Affordable Housing Board and the Town of Easton.

4. The developer may assign its options under this section to a qualified housing organization dedicated to the provision of attainable housing, in which event it shall notify the Easton Affordable Housing Board and the Town of Easton of the organization to which it has assigned the option. The qualified housing organization shall deal directly with the developer, and shall have all of the authority of the Easton Affordable Housing Board as provided under this section.

Section 1616 Continued Affordability Requirements.

All covered projects shall comply with the following provisions to ensure continued affordability of inclusionary units provided under this Chapter and required to be continually affordable under Section 1606.

1. Continued Affordability Requirement. All inclusionary rental units shall remain affordable for a period of no less than thirty (30) years commencing from the date of initial occupancy of the units. ~~For sale~~ Ownership residential units shall remain affordable for a period of no less than twenty (20) years commencing from the date of initial occupancy of the units.

2. Deed Restrictions. Provisions to ensure continued affordability of inclusionary units shall be embodied in legally binding agreements and/or deed restrictions, which shall be prepared by the developer, but which shall not be recorded or filed until reviewed and approved by the Town Attorney with such modifications as it may deem necessary to carry out the purpose of this article. Any adopted inclusionary housing guidelines may include standard documents.

3. Purchase Option. Provisions for continued affordability of inclusionary units shall provide that the Easton Affordable Housing Board or its designee shall have an exclusive option to purchase any inclusionary unit when it is offered for resale. The purchase option shall be for a period of ninety (30) days from the date on which the Board is notified of the availability of the unit. The purchase price shall be calculated as per the appreciation allowances specified in the deed restrictions and the inclusionary housing agreement.

4. Leasing/Subletting Restrictions. Provisions for continued affordability of inclusionary units shall prohibit subletting. Leasing of inclusionary units shall only apply to owner-occupied units for a limited period of time in which there exists a household hardship or an unforeseen emergency that necessitates the owner renting the unit while it is being actively

marketed for sale. Leasing of inclusionary units shall be approved by the Easton Affordable Housing Board under terms that may be specified in the inclusionary housing guidelines.

Section 1617 Waiver.

1. Notwithstanding any other provision of this Chapter, the requirements of this Chapter may be waived, adjusted, or reduced by the approval body based upon a showing that applying the requirements of this chapter would result in an unconstitutional taking of property or would result in any other unconstitutional result.

2. Any request for a waiver, adjustment, or reduction under this section shall be submitted to the Town of Easton concurrently with the inclusionary housing plan. The request for a waiver, adjustment, or reduction shall set forth in detail the factual and legal basis for the claim.

3. The request for a waiver, adjustment, or reduction shall be reviewed and considered in the same manner and at the same time as the inclusionary housing plan.

4. In making a determination on an application for waiver, adjustment, or reduction, the applicant shall bear the burden of presenting substantial evidence to support the claim. The Town may assume each of the following when applicable:

   (a) That the applicant will provide the most economical inclusionary units feasible, meeting the requirements of this Chapter and any adopted inclusionary housing guidelines; and

   (b) That the applicant will benefit from the incentives for the residential development as described in this Chapter and elsewhere in the Town Code.

5. The waiver, adjustment or reduction may be approved only to the extent necessary to avoid an unconstitutional result, after adoption of written findings, based on substantial evidence, supporting the determinations required by this section. If a reduction, adjustment, or waiver is granted, any change in the residential development shall invalidate the reduction, adjustment, or waiver, and a new application shall be required for a reduction, adjustment, or waiver pursuant to this section.

Section 1618 Transfer of Development.

For all approved covered projects that transfer ownership of the approved development, the new owner or developer shall be subject to all sections of this Chapter.

Section 1619 Enforcement.

Violations of this article shall be punishable as provided by Article X of this Chapter.

Section 1620 Administration.

1. Approved site plans and/or record final subdivision plats shall identify the specific number and location of each type of unit, by bedroom count, which are to be regulated as inclusionary units and a tabulation that demonstrates that the number of units provided satisfies the number of required units.

2. Written documentation and/or plans demonstrating that the affordable housing units are in conformance with Section 1609.1(d) shall be provided to the Office of Permits and Inspections prior to building permit issuance for the inclusionary units.

3. The Easton Affordable Housing Board shall monitor activity under this article and shall provide a report no less than every two (2) years to the legislative body, setting forth its findings, conclusions and recommendations for changes that will render the program more effective. The report described above shall be presented to the legislative body at a public hearing.

Date of Meeting: February 6, 2023

TOWN COUNCIL WORKSHOP
INFORMATION ITEM

SUBJECT: **Draft Inclusionary Housing Ordinance**

WARD DISTRICT: Townwide

STAFF CONTACT: Miguel Salinas, Director, P&Z

PURPOSE: To discuss the components of a draft Inclusionary Housing Ordinance (Attachment 1).

BACKGROUND:
According to the annual Income Limits Summary published by the United States Department of Housing and Urban Development (HUD), the FY 2022 Median Family Income (MFI) for Talbot County is $101,100.[1] The County's MFI is 16% higher than the average MFI for the eastern shore of Maryland (excluding Cecil County) and second only to Queen Anne's County.

HUD sets income limits that determine eligibility for assisted housing programs including the 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. HUD's Income Limits Summary Table for Talbot County (Table 1 below) includes income limit categories based on the MFI for Low Income, Very Low Income, and Extremely Low Income categories adjusted for family size.

Table 1: Talbot County Median Family Income and Income Limits Summary[2]

FY 2022 Income Limit Area	Median Family Income Click for More Detail	FY 2022 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Talbot County, MD	$101,100	Very Low (50%) Income Limits ($) Click for More Detail	34,200	39,100	44,000	**48,850**	52,800	56,700	60,600	64,500
		Extremely Low Income Limits ($)* Click for More Detail	20,550	23,450	26,400	**29,300**	32,470	37,190	41,910	46,630
		Low (80%) Income Limits ($) Click for More Detail	54,750	62,550	70,350	**78,150**	84,450	90,700	96,950	103,200

[1] This number is calculated using the 5-year 2015-2019 American Community Survey MFY estimate ($90,194) with an inflation factor adjustment based on the cumulative change in the national Consumer Price Index from annual 2019 to February 2022.
[2] Source: Department of Housing and Urban Development, Office of Policy Development and Research

Based on a brief analysis, staff concludes that the limited supply of market-rate homes for sale and apartments for rent in and around Easton are not attainable to a large percentage of our workforce. Below are two examples.

Example 1: A family of four making 80% of the MFI should spend no more than 30% of their monthly income on housing.[3] The current median price of a home for sale in the Town of Easton and its immediate area is $425,750.[4] Assuming a 3% down payment at an interest rate of 6.7% on a thirty (30) year, fully amortizing fixed rate mortgage, the total monthly mortgage payment is $2,664[5]. In comparison, a family of four in Talbot County making 80% of the MFI ($78,150) can have a monthly affordable mortgage payment of $1,115 without being cost-burdened;[6] or a home at an affordable sales price of $215,000.

Example 2: A physical therapy assistant with an associate degree making approximately $54,000 per year can have a monthly affordable rental rate of $1,369[7]. However, available apartments at that rate are severely limited. A search on the real estate website zillow.com lists three market-rate units below that rental rate: 1) a 1-bedroom in Carols Addition, 2) a studio at 45 S. Washington Street, and 3) a 1-bedroom at 211 E. Dover Street. The remaining six (6) rental apartments or homes listed on the website range from $1,400 to $3,700 per month with a mean rate of $1,850. For a graphic designer making $45,000 per year, there are two units on the market. For a restaurant cook making $32,000 per year (less than 50% of the MFI, defined by HUD as very-low income), there are none.[8]

There are also no opportunities for attainable 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 attainable 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 approach toward the use of land over which it has zoning authority.[9] To implement these objectives, the County's zoning regulations prohibit all housing types except single-family; the zoning districts are characterized as very low density; and the bulk requirements for each lot include large minimum lot sizes and low maximum lot coverage requirements. The end effect is housing segregation due to the cost of land and development supporting only higher-end housing in the unincorporated areas of

[3] The 30% is adjusted for property taxes, HOA fees, mortgage insurance premiums, utility costs, and an allowance for typical maintenance and repairs.
[4] The median was based on a recent search by staff on the real estate market website zillow.com.
[5] The interest rate is based on the Freddie Mac Weekly Mortgage Survey.
[6] The monthly affordable mortgage payment is based on 30% of a family of four making 80% of the MFI, after subtracting utility costs, real property taxes, mortgage insurance premium and a maintenance and repair allowance. Utility costs are derived from the Talbot County Housing Commission's average monthly utility allowance of housing choice voucher recipients; the property tax is based on a standard factor of 1.181 of the market price of the unit; and the maintenance and repair allowance is based on a 3-bedroom home at $25 per bedroom.
[7] The monthly affordable rental rate is based on 30% of a family of one making 80% of the MFI.
[8] Wages are based on the 2021 Maryland Occupational Employment and Wage Estimates.
[9] This policy is overridden for failing septic systems.

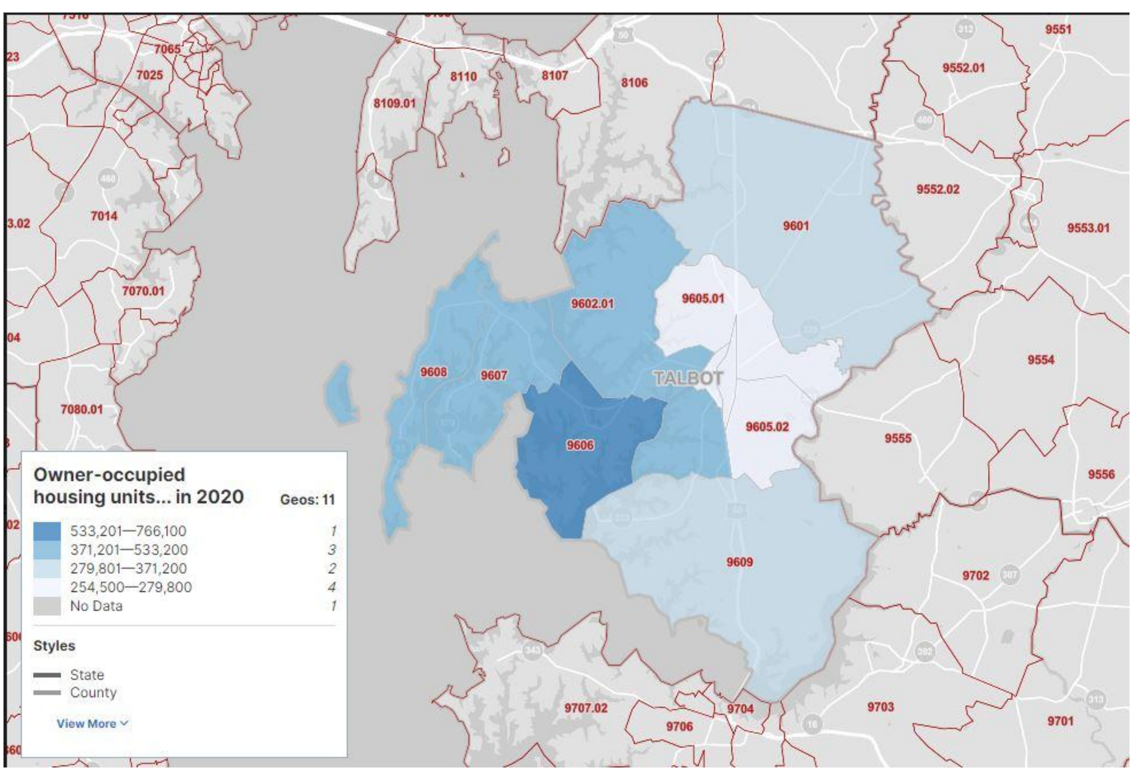
Talbot County. And as the graphics show below, housing segregation is the door to other types of segregation (see Graphics 1, 2, and 3 below).

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.

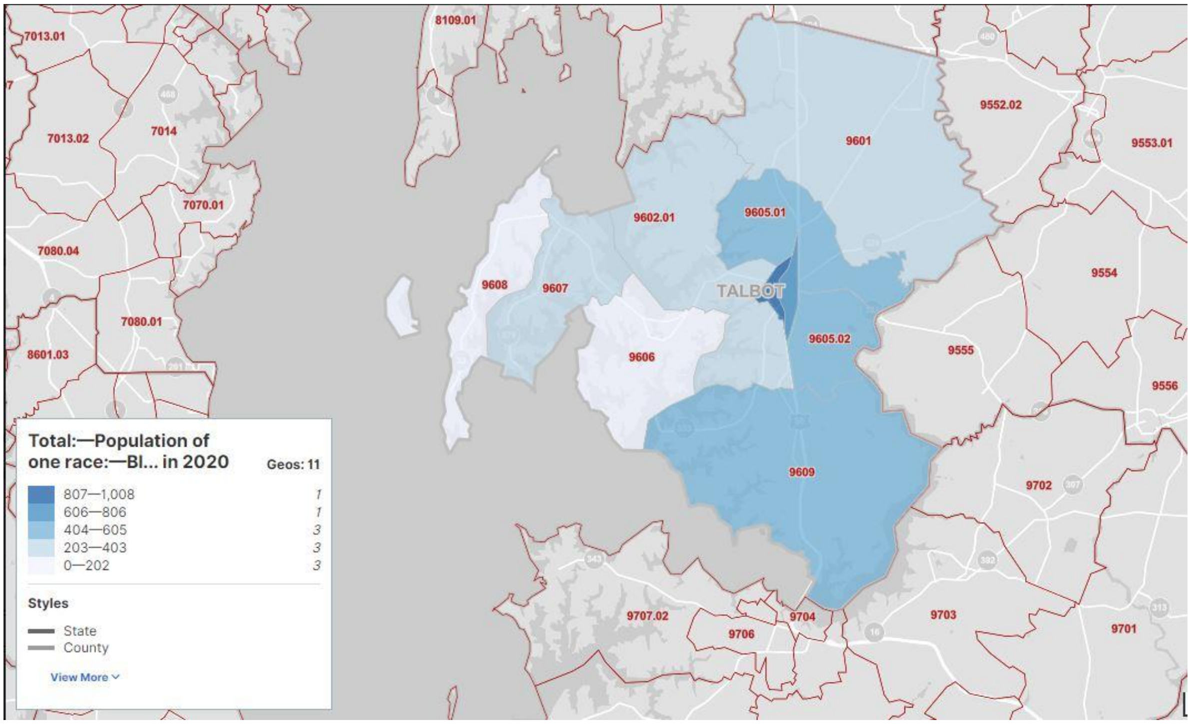
The Town of Easton is in the forefront of the current zoning reformation movement by adopting options and incentives for middle housing, such as triplexes, fourplexes, courtyard homes, cottage courts, and mansion apartments. Infill options are currently limited, however. Habitat for Humanity Choptank has indicated that within the next year, the affordable housing organization will run out of land to develop in Easton; the lots are too expensive to fit their model, with this occurring even though they receive 65 to 70 calls per month from people inquiring about eligibility. Where there is potential for infill development, private developers may have to provide market rate housing to cover their costs due to limited density potential stemming from regulatory, infrastructure and site constraints (for example historic district guidelines, limited space for off-street parking), and neighborhood opposition. Attainable housing opportunities in Easton from new greenfield development are uncertain; the Town Code does not require attainable housing commitments from new development unless it's proffered from the developer.

The cumulative result of market forces, limited supply, and exclusionary zoning is that much of Easton's workforce has no choice but to live outside of Talbot County and commute into the Town of Easton for their jobs, primarily from Caroline and Dorchester Counties where housing is more affordable.

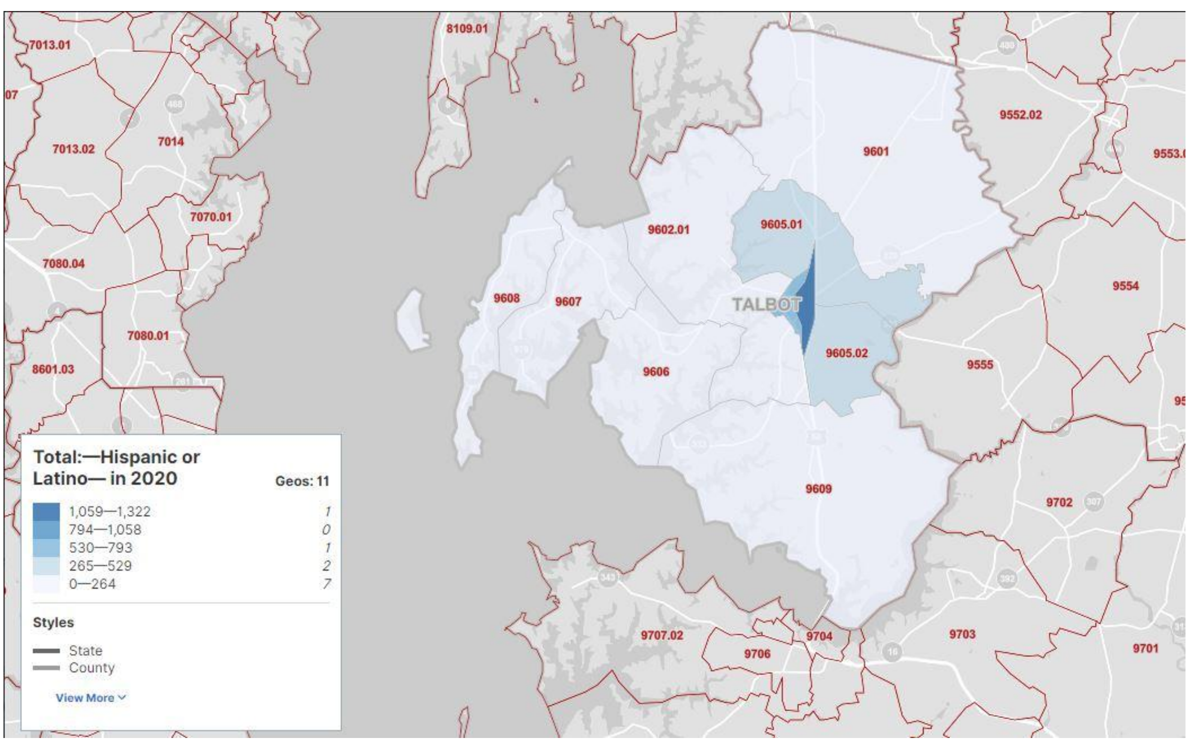
Graphic 1: Talbot County Median Value of Owner-Occupied Housing Units in 2020 by Census Tract



Graphic 2: Talbot County Black Population by Census Tract



Graphic 3: Talbot County Hispanic Population by Census Tract



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% 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% consider housing affordability to be a problem in the county
- Looking at specific sectors of Talbot's housing market, 68% of residents believe there is too little housing for people with low incomes and for younger people who are just starting their careers. 60% 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 of residents favor a proposal that requires developers to set aside sub-market rate housing for new projects and 62% 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%)

Draft Inclusionary Housing Ordinance

§ 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 housing.[10]

[10] "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.

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.

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 type.[11] Several Maryland jurisdictions have passed inclusionary housing ordinances, including the counties of Montgomery and Queen Anne's, and the cities of Annapolis, Frederick and Baltimore.

Given the many challenges that the Town of Easton and Talbot County face in the provision of attainable housing, the adoption of an inclusionary housing ordinance for the Town of Easton 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.

The Inclusionary Housing Ordinance for Council consideration was drafted after a review of existing ordinances in the Maryland jurisdictions of Annapolis, Queen Anne's County, and Montgomery County and in Loudoun County, Virginia and East Palo Alto, California.[12] 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 also reviewed the draft ordinance prior to Council distribution.

Below are brief descriptions of each section of the draft ordinance:

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

[12] 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 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.

Section 1601: Purpose
Section 1601 acknowledges the housing problem in Easton due to rapidly increasing property values and the reduction in the availability of housing choices. The section also affirms the Town's commitment to addressing the issue, its commitment to a diverse and balanced community and the impact of an inadequate supply of attainable housing to attract and retain employers and maintain an adequate workforce.

Section 1602: Definitions
Section 1602 contains definitions of terms used in the draft ordinance. The Section establishes definitions for affordable rental rates and monthly affordable mortgage payments and establishes definitions for Very Low-Income (0-50% MFI), Low-Income (up to 60% MFI), Median-Income (up to 80% MFI), and Moderate-Income Households (up to 110% MFI). Note that the definition of Median Family Income states that the annual County MFI published by HUD will be adjusted each year by the Affordable Housing Board based on the Town of Easton's median income.

Section 1603: Intent
Section 1603 establishes the intent of the ordinance; namely to provide attainable housing, mitigate the impact of market rate housing on attainable housing due to limited supply, and promote the integration of attainable housing with market rate housing.

Section 1604: Authority
Section 1604 cites the section of the Annotated Code of Maryland that gives the authority to local jurisdictions to enact inclusionary housing regulations and award density bonuses to further attainable housing.

Section 1605: Applicability
Section 1605 establishes that the regulations apply to all residential developments which are the subject of a site plan, preliminary plat, or building permit, whichever comes first.

Section 1606: Exemptions
Section 1606 exempts from the regulations any housing that is developed under the Low-Income Housing Tax Credit Program.

Section 1607: Inclusionary Housing Requirements
Section 1607 establishes when a 10% inclusionary housing requirement is required: when residential development is proposed of 5 or more units for ***new construction*** **or** ***substantial rehabilitation*** of existing structures and when residential development is proposed of 10 or more units for ***adaptive reuse*** or the ***conversion of a nonresidential use to a residential use***. This difference is to recognize the potential increased costs for adaptive reuse, infill development, and redevelopment.

Below are additional elements of Section 1607:

A. When inclusionary housing is required for residential developments that include for-sale units, the for-sale inclusionary units are targeted towards median-income and moderate-income households. When inclusionary housing is required for residential developments that include rental units, the rental inclusionary units are targeted towards very low-income and low-income households. The reason for the different target incomes is the assumption that households in the low and very-low income range oftentimes have more limited resources for down payments and housing costs associated with home ownership besides mortgage payments, including housing repair and maintenance.

B. If only one inclusionary unit is required, or if four or less inclusionary units are required for rental residential developments, then the homes shall be targeted towards the lower range of household incomes.
C. Fractional units are required to be met by paying a cash in lieu fee for a full unit.
D. Calculations of the required number of units are based on the number of units exclusive of any additional units proposed by the developer under the density bonus provisions of the ordinance.
E. Developers cannot circumvent or avoid the inclusionary housing requirements by piecemealing or phasing developments.
F. Provisions are outlined for the tracking of the required inclusionary units for each building permit application submitted.

Section 1608: Inclusionary Housing Incentives

Section 1608 establishes incentives for the developer. These incentives include:

A. For residential developments that require inclusionary housing units on the same site, the developer may receive a 20% density bonus above the maximum density allowed in the residential base zoning district (A-1, R-7A, R-10A, R-10M, CB, MXW).[13]
B. If all required inclusionary units are provided on the same site, the developer may receive a variance of up to 20% from the dimensional requirements (lot size, lot frontage, lot coverage, height, and setbacks) without having to receive approval from the Board of Zoning Appeals. The developer may also receive a 20% modification from the parking requirements. The flexibility is provided to accommodate more units on the site when the developer chooses to utilize the density bonus.
C. The adaptive reuse or conversion of nonresidential to residential, when 10 or more dwelling units are proposed, may receive: 1) a cash subsidy from the Affordable Housing Fund for the payment of impact fees, provided the funds exist and the expenditure is approved by the Affordable Housing Board and Town Council, 2) a reduction in the applicable capital charges, and 3) a real property tax abatement if the developer provides at least double the number of inclusionary units than what is required in the inclusionary housing ordinance.[14] These incentives are targeted to adaptive reuse and nonresidential conversion in recognition of the challenges in site infrastructure and costs associated with redevelopment.

[13] Planned Unit Development, which is a discretionary floating district, may already allow for higher densities: 16 dwelling units per acre for PUD-General, 60 dwelling units per acre for PUD-Infill, and 30 dwelling units per acre for PUD-Redevelopment. The Planned Redevelopment Overlay District permits a density of up to 40 dwelling units per acre.

[14] The incentives for capital charge reductions and real property tax abatement may not be feasible and would require considerable discussion and investigation by the Easton Town Council and Easton Utilities, including the potential fiscal impacts.

Section 1609: Alternative Compliance Options
Section 1609 provides alternative compliance options, including:

A. Partnering with a qualified housing organization to build on-site inclusionary units or to partner with such organization to build off-site units within the Town limits provided the number of units provided is one and one-half times the required number of units. The preference is for the developer to provide the inclusionary units onsite so housing segregation is minimized, thus the one and one-half times the required number of units.
B. Purchasing land anywhere within the County and donating it to a qualified housing organization to build the aforementioned one and one-half number of required units.
C. For adaptive reuse or conversion of nonresidential to residential, when 10 or more dwelling units are proposed, the developer may provide a cash in lieu fee, which would be based on the fees established in this Section.

Proposed off-site construction or cash in lieu fees would be subject to Town Council review and and approval and must meet certain conditions. The in lieu fees will be updated by the Affordable Housing Board on an annual basis, after the revised fees are approved by Town Council Resolution.

The draft ordinance also allows the consideration of an alternative method of calculation based on the difference in price between the fair market rate price of the unit and and the inclusionary sales price or rent (see the definition of cash in lieu fee in Section 1602 of the draft ordinance). This method would require an affordability gap analysis conducted with the assistance of a development or finance consultant, but would most likely result in significantly higher cash in-lieu fees than the initial fees specified in the draft ordinance.

Section 1610: Inclusionary Housing Plan and Agreement
Section 1610 requires the developer to submit an inclusionary housing plan with their residential development application (site plan, preliminary plat, building permit) for staff review. The plan describes how the development complies with the inclusionary housing regulations, the inclusionary housing guidelines (see Section 1612 below), and their marketing plan. The plan also describes how they will comply with all applicable fair housing and discrimination laws.

The inclusionary housing agreement is a recorded legal document that ensures that all the requirements of the ordinance are satisfied. The specifics of the agreement are outlined in this section.

Section 1611: Percentage of Affordable Units
Section 1611 reaffirms the calculation of inclusionary housing units.

Section 1612: General Requirements for Inclusionary Units
Inclusionary Housing Guidelines are any requirements for implementation and administration of the inclusionary housing ordinance, as recommended by the Easton Affordable Housing Board and adopted by the Town Council. Adopted inclusionary housing guidelines may include, but not be limited to, standards for determining household composition; income eligibility and prices for sale and rental of inclusionary units; income limit schedules; inclusionary housing costs or

carrying charges; design guidelines; provisions of continued monitoring of tenant eligibility; and document templates. Guidelines may also specify the contents of the inclusionary housing plan. The Guidelines are reviewed and updated on a regular basis.

Section 1612 establishes what minimum requirements must be included in the Inclusionary Housing Guidelines adopted by the Town Council. Requirements include the integration of inclusionary housing units with market rate units; assurances that the size, exterior features, and certain construction features are not inferior to the market rate units; and access for those living in the inclusionary units to the same amenities as those living in the market rate units.

Section 1613: For-Sale of Inclusionary Units
Section 1613 establishes the provisions for the method of calculation of the selling price of for-sale inclusionary housing units. The section also establishes that: 1) the developer is responsible for the screening and qualification of the initial purchaser of a for-sale inclusionary unit, 2) the Easton Affordable Housing Board is the entity that establishes guidelines for the calculation of the Affordable Sales Price for an inclusionary unit, 3) the for-sale inclusionary unit must be the primary residence of the purchaser, and 4) the purchaser of a for-sale inclusionary unit is required to execute and consent to the affordability restrictions at the close of escrow and execute a Subordinate Shared Appreciation Loan agreement in favor of the Town of Easton, secured by a deed of trust, for the amount of the Subordinate Shared Appreciation Loan.

Section 1614: Rental of Inclusionary Units
Section 1614 establishes the provisions for the method of calculation of the affordable rental rate for the rental inclusionary housing units. The section also establishes that: 1) the developer, property owner, or property manager is responsible for verifying household income eligibility, 2) the Easton Affordable Housing Board is the entity that establishes and updates the Affordable Rental Rate and notifies the property owner or manager of the new rental rates, 3) each residential development containing rental inclusionary units is subject to an annual compliance process which is specified in the inclusionary housing agreement, 4) rental inclusionary unit tenants are subject to the same conditions of tenancy as other market-rate tenants occupying the same property, and 5) the initial lease term for the rental inclusionary unit is for one year.

Section 1615: Marketing of Inclusionary Units
Section 1615 requires the developer to market, rent and sell all inclusionary units and must notify the Affordable Housing Board and the Town when the inclusionary unit is available at the time the building permit is issued. For rentals, the property owner or manager must provide advance notice to the Affordable Housing Board and Town when there is an impending vacancy. The section also allows the developer to assign these responsibilities to a qualified housing organization.

Section 1616: Continued Affordability Requirements
Section 1616 establishes that all inclusionary rental units shall remain affordable for a period of no less than 30 years and that for-sale units shall remain affordable for a period of no less than 20 years. The continued affordability requirement would be embodied in a legally binding

agreement and/or a deed restriction. The section also gives the Affordable Housing Board an exclusive 30-day option to purchase any inclusionary unit when it's offered for resale. Lastly, the section prohibits subletting of inclusionary units except for owner-occupied units for a limited period of time in which there exists a household hardship or an unforeseen emergency that necessitates the owner renting the unit while it is being actively marketed for sale. Leasing of inclusionary units must be approved by the Easton Affordable Housing Board under terms that may be specified in the inclusionary housing guidelines.

Section 1617: Waiver
Section 1617 establishes procedures for the requirements of the ordinance to be waived, adjusted, or reduced if it's shown that its application would result in an unconstitutional taking of property or any other unconstitutional result.

Section 1618: Transfer of Development
Section 1618 establishes that all approved covered projects "run with the property" and are subject to the inclusionary housing ordinance.

Section 1619: Enforcement
Section 1619 refers to an unspecified area of the Town Code for enforcement of the ordinance.

Section 1620: Administration
Section 1620 establishes how inclusionary units are tracked on site plans, record final plats, and building permits. The section also requires the Affordable Housing Board to monitor activity under the ordinance and provide a report at least every 2 years to the Town Council.

ISSUES: Inclusionary zoning may be better suited to more rapidly growing and larger jurisdictions where the rate of growth can generate a significant number of units. The Town Council may want to discuss whether the ordinance is suitable for a town the size of Easton and its effect (positive or negative) on the housing market, especially for infill and redevelopment.

In addition, developer incentives, including property tax abatement, a waiving of capital charges, and a subsidy of impact fees have definite revenue implications and a cost-benefit analysis is prudent.

If a version of the ordinance is pursued further by the Town Council, staff will need to identify where the final drafted language is inconsistent with the Town Code and proposed revisions as necessary.

FISCAL IMPACT: The draft ordinance requires a significant expansion of time and responsibilities from the Affordable Housing Board, including but not limited to:

- Managing the Affordable Housing Fund
- Recommending to the Town Council the use of funds to offset impact fees
- Establishing the cash in lieu fees and updating the fees on an annual basis

- Developing and updating the Inclusionary Housing Guidelines and document templates
- Developing and updating the design standards for inclusionary units
- Updating and annually posting the income eligibility requirements
- Calculating and updating the pricing and rents of for-sale and rental inclusionary units
- Monitoring tenant eligibility for rental inclusionary units
- Monitoring activity and providing regular reports to the Town Council

The administration of the program will also need dedicated housing staff to assist the Board with their responsibilities, develop and update the program's website, and provide day-to-day management of the program. Maryland jurisdictions that have inclusionary housing ordinances include Queen Anne's County, which is managed by staff from the Division of Housing and Community Services as part of the Department of Community Services along with other housing programs including homeless assistance and prevention, rental code enforcement, workforce loans, and other special projects. The City of Annapolis inclusionary housing ordinance is administered by the Office of Community Development under the Community and Economic Development Division. The Office includes a full-time Housing Affordability Specialist. The City of Frederick's inclusionary housing program is administered by their Community Action Agency.

ATTACHMENTS:

1. Draft Inclusionary Housing Ordinance
2. AMSTRAT - MD Talbot County Smart Growth Presentation

Affordable Sales Price Calculations by Income Level
Owner Housing
80% MFI

Assumptions

2022 Median Family Income, Talbot County		$101,100		
2022 80% Median Family Income, Talbot County		$78,150		
Affordable Mortgage Principle and Interest as a % of Income		30%		
No of Bedrooms		**1 Bedroom**	**2 Bedroom**	**3 Bedroom**
Household Size		**2 Persons**	**3 Persons**	**4 Persons**
Household Size Income Adjustment Factor		80%	90%	100%
Owner Utility Allowance		$150	$188	$235
Maintenance and Repair		$25	$50	$75
Monthly HOA Fee: Market Rate Units	$100			
Monthly Property Insurance	$100			
Property Tax Rate (1)	1.181			
Mortgage Interest Rate (2)	6.12%			
Term (Years)	30			
Downpayment (% of sales price)	5%			

Per Unit Affordable Sales Price by Unit Bedroom Count

		1 Bedroom	2 Bedroom	3 Bedroom
<u>80% MFI</u>				
Annual Gross Income		$62,550	$70,350	$78,150
Affordable Monthly Housing Expense		$1,564	$1,759	$1,954
Less: Monthly Utility Allowance		$150	$188	$235
Less: HOA/Maintenance Expense		$100	$100	$100
Less: Property Insurance		$100	$100	$100
Less: Maintenance and Repair		$25	$50	$75
Available for Principal, Interest, Taxes		$1,189	$1,321	$1,444
Assumed Assessed Value at Sale (3)		$260,000	$303,000	$348,000
Less: Property Taxes	1.181	$256	$298	$345
Monthly Affordable Mortgage Payment		$933	$1,023	$1,099
Supportable Mortgage		$153,700	$168,500	$181,000
Plus: Downpayment @	5.00%	$8,090	$8,870	$9,525
Affordable Sales Price		**$161,800**	**$177,400**	**$190,500**

(1) Based on FY 23 Municipal, County, and State Tax Rates

(2) Freddie Mac Priority Mortgage Market Survey U.S. weekly averages for a 30-yr FRM as of 02/09/2023

(3) Based on a review on redfin.com of sale prices in the Easton area by the number of bedrooms for new and resale

Source: Department of Planning and Zoning, Town of Easton, MD

Affordable Sales Price Calculations by Income Level

Owner Housing

100% MFI

Assumptions

2022 Median Family Income, Talbot County		$101,100		
Affordable Mortgage Principle and Interest as a % of Income		30%		
No of Bedrooms		**1 Bedroom**	**2 Bedroom**	**3 Bedroom**
Household Size		**2 Persons**	**3 Persons**	**4 Persons**
Household Size Income Adjustment Factor		80%	90%	100%
Owner Utility Allowance		$150	$188	$235
Maintenance and Repair		$25	$50	$75
Monthly HOA Fee: Market Rate Units	$100			
Monthly Property Insurance	$100			
Property Tax Rate (1)	1.181			
Mortgage Interest Rate (2)	6.12%			
Term (Years)	30			
Downpayment (% of sales price)	5%			

Per Unit Affordable Sales Price by Unit Bedroom Count

		1 Bedroom	**2 Bedroom**	**3 Bedroom**
<u>**100% MFI**</u>				
Annual Gross Income		$80,880	$90,990	$101,100
Affordable Monthly Housing Expense		$2,022	$2,275	$2,528
Less: Monthly Utility Allowance		$150	$188	$235
Less: HOA/Maintenance Expense		$100	$100	$100
Less: Property Insurance		$100	$100	$100
Less: Maintenance and Repair		$25	$50	$75
Available for Principal, Interest, Taxes		$1,647	$1,837	$2,018
Assumed Assessed Value at Sale (3)		$260,000	$303,000	$348,000
Less: Property Taxes	1.181	$256	$298	$345
Monthly Affordable Mortgage Payment		$1,391	$1,539	$1,673
Supportable Mortgage		$229,100	$253,500	$275,500
Plus: Downpayment @	5.00%	$12,060	$13,340	$14,500
Affordable Sales Price		**$241,200**	**$266,800**	**$290,000**

(1) Based on FY 23 Municipal, County, and State Tax Rates

(2) Freddie Mac Priority Mortgage Market Survey U.S. weekly averages for a 30-yr FRM as of 02/09/2023

(3) Based on a review on redfin.com of sale prices in the Easton area by the number of bedrooms for new and resale

Source: Department of Planning and Zoning, Town of Easton, MD

Affordable Sales Price Calculations by Income Level

Owner Housing

110% MFI

Assumptions

2022 Median Family Income, Talbot County		$101,100		
2022 110% Median Family Income, Talbot County		$112,210		
Affordable Mortgage Principle and Interest as a % of Income		30%		
No of Bedrooms		**1 Bedroom**	**2 Bedroom**	**3 Bedroom**
Household Size		**2 Persons**	**3 Persons**	**4 Persons**
Household Size Income Adjustment Factor		80%	90%	100%
Owner Utility Allowance		$150	$188	$235
Maintenance and Repair		$25	$50	$75
Monthly HOA Fee: Market Rate Units	$100			
Monthly Property Insurance	$100			
Property Tax Rate (1)	1.181			
Mortgage Interest Rate (2)	6.12%			
Term (Years)	30			
Downpayment (% of sales price)	5%			

Per Unit Affordable Sales Price by Unit Bedroom Count

		1 Bedroom	2 Bedroom	3 Bedroom
<u>110% MFI</u>				
Annual Gross Income		$89,768	$100,989	$112,210
Affordable Monthly Housing Expense		$2,244	$2,524	$2,805
Less: Monthly Utility Allowance		$150	$188	$235
Less: HOA/Maintenance Expense		$100	$100	$100
Less: Property Insurance		$100	$100	$100
Less: Maintenance and Repair		$25	$50	$75
Available for Principal, Interest, Taxes		$1,869	$2,086	$2,295
Assumed Assessed Value at Sale (3)		$260,000	$303,000	$348,000
Less: Property Taxes	1.181	$256	$298	$345
Monthly Affordable Mortgage Payment		$1,613	$1,788	$1,950
Supportable Mortgage		$265,700	$294,500	$321,200
Plus: Downpayment @	5.00%	$13,980	$15,500	$16,905
Affordable Sales Price		**$279,600**	**$310,000**	**$338,100**

(1) Based on FY 23 Municipal, County, and State Tax Rates

(2) Freddie Mac Priority Mortgage Market Survey U.S. weekly averages for a 30-yr FRM as of 02/09/2023

(3) Based on a review on redfin.com of sale prices in the Easton area by the number of bedrooms for new and resale

Source: Department of Planning and Zoning, Town of Easton, MD

Affordable Rent Calculations by Income Level						
Rental Housing						
Assumptions						
2022 Median Family Income, Talbot County			$101,100			
Affordable Mortgage Principle and Interest as a % of Income			30%			
No of Bedrooms		**Studio**	**1 Bedroom**	**2 Bedroom**	**3 Bedroom**	**4 Bedroom**
Household Size		**2 Persons**	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**
Household Size Income Adjustment Factor		80%	80%	90%	100%	108%
Renter Utility Allowance		$138	$138	$156	$173	$187
Per Unit Supportable Rent By Income Level						
		Studio	**1 Bedroom**	**2 Bedroom**	**3 Bedroom**	**4 Bedroom**
HUD Extremely Low-Income MFI						
Annual Income Limit		$23,450	$23,450	$26,400	$29,300	$32,470
Affordable Monthly Housing Expense		$586	$586	$660	$733	$812
Less: Monthly Utility Allowance		$138	$138	$156	$173	$187
Affordable Monthly Rent		**$448**	**$448**	**$504**	**$560**	**$625**
50% MFI						
Annual Income Limit		39100	$39,100	$44,000	$48,850	$52,800
Affordable Monthly Housing Expense		$978	$978	$1,100	$1,221	$1,320
Less: Monthly Utility Allowance		$138	$138	$156	$173	$187
Affordable Monthly Rent		**$840**	**$840**	**$944**	**$1,048**	**$1,133**
60% MFI						
Annual Income Limit		$48,550	$48,550	$54,600	$60,700	$65,550
Affordable Monthly Housing Expense		$1,214	$1,214	$1,365	$1,518	$1,639
Less: Monthly Utility Allowance		$138	$138	$156	$173	$187
Affordable Rental Rate		**$1,076**	**$1,076**	**$1,209**	**$1,345**	**$1,452**
Source: Department of Planning and Zoning, Town of Easton, MD						

TOWN OF EASTON
PLANNING & ZONING
PO Box 520
Easton, Maryland 21601
(410)-822-2526

Residential Pipeline: Major Projects

Project Name	Total Approved/Pending Units (Site Plan) as of 2/17/2023 – Unit Type				Total Approved/Pending Units (Actual Subdivision) as of 2/17/2023 – Unit Type				Units Built/Under Building Permit Review as of 2/17/2023 – Unit Type				Units Remaining to be Permitted as of 2/17/2023 – Unit Type				Percent Complete
	SFD	SFA	MF	Total	SFD	SFA	MF	Total	SFD	SFA	MF	Total	SFD	SFA	MF	Total	
807 N. Washington Street	n/a	n/a	n/a	**n/a**	10	0	0	**10**	0	0	0	**0**	10	0	0	**10**	**0%**
Aspire Apartments	0	0	162	**162**	n/a	n/a	n/a	**n/a**	0	0	0	**0**	0	0	162	**162**	**0%**
Brant Court	0	0	96	**96**	n/a	n/a	n/a	**n/a**	0	0	96	**96**	0	0	0	**0**	**100%**
Cookes Hope Phase VII	67	0	0	**67**	67	0	0	**67**	0	0	0	**0**	67	0	0	**67**	**0%**
Dixon Square	0	8	0	**8**	0	0	0	**0**	0	0	0	**0**	0	8	0	**8**	**0%**
Doverbrook Apartments[1]	0	0	64	**64**	n/a	n/a	n/a	**n/a**	0	0	48	**48**	0	0	16	**16**	**75%**
Elliott Road	0	0	120	**120**	n/a	n/a	n/a	**n/a**	0	0	0	**0**	0	0	120	**120**	**0%**
Estates at Gannon Farm	200	0	0	**200**	200	0	0	**200**	0	0	0	**0**	200	0	0	**200**	**0%**
Four Seasons at Easton	n/a	n/a	n/a	**n/a**	252	0	0	**252**	0	0	0	**0**	252	0	0	**252**	**0%**
Naima	0	0	26	**26**	0	0	0	**0**	0	0	0	**0**	0	0	26	**26**	**0%**
Poplar Hill	108	138	210	**456**	0	0	0	**0**	0	0	0	**0**	108	138	210	**456**	**0%**
Port Street Commons	0	0	5	**5**	0	0	0	**0**	0	0	0	**0**	0	0	5	**5**	**0%**
Total	**375**	**146**	**683**	**1204**	**529**	**0**	**0**	**529**	**0**	**0**	**144**	**144**	**637**	**146**	**539**	**1,322**	**10%**

Prepared by: Town of Easton Department of Planning and Zoning, February 17, 2022

Residential Structure Type Definitions:

Single-Family Detached (SFD): A residential building containing not more than one (1) dwelling unit used by one family entirely surrounded by yards.
Single-Family Attached (SFA): Includes townhouses and duplexes (stacked or side-by-side).
Multi-Family (MF): A building designed for or used by three (3) or more families (includes triplexes and fourplexes)

Disclaimer: The Town of Easton Department of Planning and Zoning makes every reasonable effort to ensure the accuracy of this information. This table provides the best estimates of development based on the site plan and subdivision submittal and approval documents; building permits submitted and issued; and occupancy permits issued. The Town does not assume any liability arising from the use of this data.

[1] Doverbrook Apartments is a redevelopment of an existing 50-unit multi-family development owned by the Housing Authority of the Town of Easton. Redevelopment of the site will result in a net increase of 14 units.

Date of Meeting: February 20. 2023

Supplemental Information Item

TOWN COUNCIL
SUPPLEMENTAL ITEM

SUBJECT: **Draft Inclusionary Housing Ordinance**

ELECTION WARD: Townwide

STAFF CONTACT: Miguel Salinas, Director, P&Z

PURPOSE: Response to the Council's workshop on February 6, 2023 to review a draft Inclusionary Housing Ordinance.

UPDATE:

A. Calculating Affordable Sales and Rental Prices

The draft Inclusionary Housing Ordinance (draft Ordinance) states that the Easton Affordable Housing Board establishes guidelines for the calculation of the Affordable Sales Price for an inclusionary unit, once the developer is required to dedicate such a unit (*Section 1613, Draft Inclusionary Housing Ordinance*). The Affordable Sales Price in the draft Ordinance is defined as the maximum amount of a mortgage loan that could be obtained based on the monthly affordable mortgage payment, interest rate, and a fully amortized 30-year fixed rate mortgage. The affordable sales price is adjusted based on a reasonable down payment.

The Affordable Rental Rate, as defined in the draft Ordinance, is based on household income limits at either 50% or 60% of Median Family Income where the rate does not exceed 30% of their monthly income. The Affordable Rental Rate includes all charges related to occupancy of the unit including utilities, parking fees, fees for use of common facilities and amenities, and other fees and charges. If utilities are paid by tenants of the rental inclusionary units, the rent for the units shall be adjusted downward for tenant utility expenses (*Section 1614, Draft Inclusionary Housing Ordinance*).

Staff provided an analysis (Attachment 1) of Affordable Sales Price and Affordable Rental Rate calculations by income level, using several assumptions, to provide rough estimates of what the "cap" on the pricing and renting of units would be today for households at the income limits established in the draft Ordinance and to "test" the income targets. The description of that analysis is below.

Pricing of Ownership Inclusionary Units

Residential developments that include ownership residential housing of five (5) or more dwelling units through new construction or substantial rehabilitation, or ten (10) or more dwelling units through adaptive reuse or nonresidential to residential conversion, are required to provide ten percent (10%) of the dwelling units as inclusionary units with fifty percent (50%) of the units for sale at an Affordable Sales Price to median income households making up to a maximum eight percent (80%) of the Median Family Income (MFI) and fifty (50%) of the units to moderate income households making up to a maximum one hundred ten (110%) of the MFI (*Section 1607, Draft Inclusionary Housing Ordinance*).

The maximum incomes are based on a household size of four (4) and are identified based on the Talbot County FY 2022 Income Limits Summary published by the U.S. Department of Housing and Urban Development (HUD). Using the number of bedrooms in the inclusionary unit, the maximum income limit is then adjusted for household size using adjustment factors, with the adjustment factors consistent with HUD.[1]

The Monthly Affordable Mortgage Payment is calculated by multiplying the maximum income limit (adjusted for housing size) times thirty percent (30%) and dividing the result by twelve (12) to obtain the Affordable Monthly Housing Expense. This payment is intended to cover all of the purchaser's housing costs. Therefore, in order to determine the maximum Affordable Sales Price, the Affordable Monthly Housing Expense amount is adjusted by subtracting from that amount:

- Applicable property taxes[2]
- Monthly utility allowance
- Homeowners' Association fees
- Property insurance (homeowners' insurance)
- Maintenance and repair allowance
- Mortgage insurance premium[3]

The Affordable Sales Price, or the amount of the mortgage loan that could be obtained, is then based on the amount of the Monthly Affordable Mortgage Payment (principal and interest) with

[1] The maximum income limit is adjusted for household size, which is equal to one person greater than the number of bedrooms in the unit, except that the appropriate household size for studios is two persons (*Section 1613, Draft Inclusionary Housing Ordinance*).

[2] The assumed assessed values at sale are based on median values from sold homes, both new and resale as identified by redfin.com, with 1 and 2 bedroom median values over a three-year period (January 2020 to January 2023) and a 3 bedroom median value over a one-year period (January 2022 to January 2023). In practice, the fair market value of the inclusionary unit, verified by a licensed real estate appraiser commissioned by the borrower or developer, would be provided to the Town of Easton prior to closing. Alternatively, the Town could establish a methodology for verifying fair market value, using valid data from a reliable source such as the Mid-Shore Board of Realtors, based on the median sale prices of different housing types and number of bedrooms over a three or five-year period, and then updating those numbers on a quarterly, biannual, or yearly basis.

[3] For the purposes of this analysis, the monthly mortgage insurance premium was not factored into the calculations.

a mortgage loan interest rate[4]; assuming a thirty (30) year, fully amortizing fixed rate mortgage based with a 5% down payment.[5]

Pricing of Rental Inclusionary Units

Residential developments that include rental residential housing of five (5) or more dwelling units through new construction or substantial rehabilitation, or ten (10) or more dwelling units through adaptive reuse or nonresidential to residential conversion, are required to provide ten percent (10%) of the dwelling units as inclusionary units with fifty percent (50%) of the units available at an affordable rent to very low-income households making up to a maximum fifty percent (50%) of the Median Family Income (MFI) and fifty percent (50%) of the units to available at an affordable rent to low-income households making up to a maximum sixty percent (60%) of the MFI (*Section 1607, Draft Inclusionary Housing Ordinance*).

Like the ownership residential units, the maximum incomes for rental units are based on a household size of four (4) and are identified based on the Talbot County FY 2022 Income Limits Summary published by HUD. The family size appropriate for the rental inclusionary unit is determined by the number of bedrooms. The family size is equal to one person greater than the number of bedrooms in the unit, except that a studio unit equals two persons. Using the number of bedrooms in the rental inclusionary unit, the maximum income limit is then adjusted for household size using adjustment factors, with the adjustment factors consistent with HUD (*Section 1614, Draft Inclusionary Housing Ordinance*) .

The Affordable Monthly Housing Expense is calculated by multiplying the maximum income limit (adjusted for housing size) times thirty percent (30%) and dividing the result by twelve (12). The Affordable Rental Rate includes all charges related to occupancy of the unit including utilities, parking fees, fees for use of common facilities and amenities, and other fees and charges. However, if utilities are paid by tenants of the rental inclusionary units, the rent for the units is adjusted downward for tenant utility expenses. In the attached example for rent calculations by income level, the Affordable Monthly Housing Expense amount is adjusted by subtracting from that amount an assumed renter utility allowance based on the number of bedrooms.

Analysis of Calculations

Affordable Sales Price calculations were developed for three different income level scenarios: 80% of MFI, 100% of MFI, and 110% of MFI. Table 1 below shows the maximum Affordable Sales Price for ownership inclusionary units based on family income as a percentage of MFI using the calculation method described above.

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[4] The interest rate was based on the Freddie Mac Priority Mortgage Market Survey U.S. weekly averages for a 30-yr FRM as of 02/09/2023. The draft Ordinance calls for a "blended rate" for Easton banks, Talbot County based mortgage lenders, and the Maryland Department of Housing and Community Development (*Section 1613, Draft Inclusionary Housing Ordinance*).

[5] The percentage down payment to calculate the Affordable Sales Price will be established by the Town of Easton in the Inclusionary Housing Guidelines.

Table 1: Affordable Sales Price by Income Level

	80% MFI	100% MFI	110% MFI
1 Bedroom	$161,800	$241, 200	$279,600
2 Bedroom	$177,400	$266,800	$310,000
3 Bedroom	$190,500	$290,000	$338,100

The results demonstrate that in the Easton market, providing inclusionary units for families making up to 110% of the MFI may not be appropriate and should be adjusted downwards. The Affordable Sales Price for a three-bedroom home ($338,100) is near its fair market value of $348,000. In the case of one and two-bedroom homes, the Affordable Sales Prices exceed the fair market values of such homes.

On the other hand, at 100% of MFI, the Affordable Sales Prices for a 1 bedroom and 2 bedroom are eight percent (8%) and twelve percent (12%), respectively, below their comparable fair market value homes. At 80% of MFI, the percentage differences are even greater. The analysis suggests that the percentage of MFI for the moderate-income household may need to be adjusted downwards to at least 100%, if not lower.

Alternatively, the Council could decide to base the maximum income limits on Median Household Income (MHI), rather Median Family Income, which would result in lower Affordable Sale Prices and Affordable Rents. The MHI in 2021 for Talbot County is $79,349. However, this number is based on all reported households, regardless of familial relationship or family size and may not be the most accurate estimate. The State of Maryland ties their HOME program income limits and fair market rents to HUD's MFI as well as their Low Income Housing Tax Credit Program Income and Rent Limits. This is important in case a development project is also using HUD funds. In addition, the draft Ordinance permits the Affordable Housing Board to develop a mechanism to adjust the MFI based on Easton's median income.

Affordable Rental Rate calculations were developed for two different income level scenarios: 50% of MFI and 60% of MFI. Table 2 below shows the maximum Affordable Rental Rates for rental inclusionary units based on family income as a percentage of MFI using the calculation method described above.

Table 2: Affordable Rental Rates by Income Level

	HUD Extremely Low-Income[6]	50% MFI	60% MFI	MLS (Easton)[7]	HUD FMR[8]
Studio	$448	$840	$1,076	-	$1,013
1 Bedroom	$448	$840	$1,076	-	$1,063
2 Bedroom	$504	$944	$1,209	$1,850	$1,201
3 Bedroom	$560	$1,048	$1,345	$2,088	$1,707
4 Bedroom	$625	$1,133	$1,452	$2,675	$2,046

The results of the Affordable Rental Rates analysis demonstrates that providing rental residential inclusionary units to families making 60% of the MFI may not be appropriate; the rental rates for the inclusionary units are close to the fair market rents as determined by HUD, with the exception of the 3 and 4 bedroom units. However, the Fair Market Rents as determined by HUD may be underestimated based on the actual market-rate rents of rental units in Easton.

Lastly, the Extremely Low-Income Category is tied by HUD to the Section 8 very low-income limits. Families making at or below this level typically qualify for subsidies and may not be a target for inclusionary housing goals - which tend to target families in the “middle-income” categories.

B. Cash In Lieu Fee

A cash in lieu fee is required when the calculation of the inclusionary obligation results in a fraction of an inclusionary unit. A developer of a residential development of ten (10) or more units through adaptive reuse or nonresidential to residential conversion can also propose paying the cash in lieu fee as an alternative compliance option. This option is subject to Council (Council) approval.

[6] This HUD category used to be 30% of MFI. However, HUD changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services, resulting in income limits for a four-person family that can be slightly off from 30%.
[7] The median prices are a sampling from the Easton Multiple Listing Service, which tend to have higher median price points due to the exclusion of apartment complexes and self-managing landlords.
[8] The HUD Fair Market Rents are estimates of the 40th percentile gross rents using as a basis the 2016-2020 5-year American Community Survey Estimates of 2-bedroom adjusted standard gross rents.

In-lieu fees are initially established in the draft and can be revised by the Council from time to time. The initial fees as established are:

- Average market rate unit price within the development is under $300,000 = $3,000 per permit

- Average market rate unit price within the development is $300,000-$500,000 = $5,000 per permit

- Average market rate unit price within the development is over $500,000 = $7,500 per permit

Alternatively, fees may be determined for a ***specific residential development*** through the preparation of an ***affordability gap analysis*** that will determine the difference between the inclusionary sales price or rent and the fair market rate price for the unit. For example:

Table 3:Simplified Example of an Alternative Ownership Housing In-Lieu Calculation	
Affordable Sales Price for 100% MFI	$278,400
Market Sales Price	$325,500
Ownership Cash in Lieu Fee	**$46,600**

In this example, the Affordable Sales Price and the Market Sales price are based on a 2.5 bedroom home with the 2 and 3 bedroom prices derived from the Affordable Sales Price Calculations in Attachment 1.

Using a method similar to the above results in a fee per unit much higher than the initial fees established in the draft Ordinance, which can be used in the Town's housing trust fund for a number of initiatives, including down payment and closing cost assistance.

C. Potential Inclusionary Housing Units

The draft Ordinance states that residential developments proposing five (5) or more dwelling units through new construction and/or substantial rehabilitation of existing structures or the creation of ten (10) or more dwelling units through adaptive reuse or conversion of a nonresidential use to residential use shall provide ten percent (10%) of the dwelling units in the residential development as inclusionary units (*Section 1607, Draft Inclusionary Housing Ordinance*).

The inclusionary housing regulations apply to all residential development on a site, or portion thereof, at one location which is the subject of an application for a site plan, preliminary plat subdivision, or building permit, whichever comes first (*Section 1605, Draft Inclusionary Housing Ordinance*). Table 4 below shows how many inclusionary units the Town might have received from approved projects and projects still in review (see Attachments 2 and 3 for the major residential pipeline table and the location of each major residential project). Each project listed below is new construction. Therefore, ten percent (10%) inclusionary units are required when five (5) or more dwelling units are proposed. Projects (Doverbrook, Naima, Port Street Commons) developed by qualified housing organizations are not included in the ten percent (10%) requirement. For inclusionary units for projects that resulted in fractions, the fractional number is rounded up to one unit and the developer will be required to pay an in lieu fee for that unit. In the table below, the cash in lieu fee will be based on five (5) units.

Table 4: Potential Inclusionary Housing Units - Approved and Pending Projects

Project	Status	Total Units	Inclusionary Units
807 N. Washington Street	Approved	10 Ownership	1
Aspire Apartments	In progress	162 Rental	16
Brant Court	Approved	96 Rental	9
Cookes Hope Phase VII	In progress	67 Ownership	6
Dixon Square	In progress	8 Ownership	-
Doverbrook Apartments	Approved	64 Rental	-
Elliott Road Apartments	In progress	120 Rental	12
Estates at Gannon Farm	In progress	200 Ownership	20
Four Seasons at Easton	In progress	252 Ownership	25
Naima	In progress	26 Rental	-
Poplar Hill	In progress	246 Ownership 210 Rental	24 Ownership 21 Rental

Project	Status	Total Units	Inclusionary Units
Port Street Commons	In progress	5 Rental	-
Totals	-	**783 Ownership 683 Rental**	**76 Ownership 58 Rental**

Staff notes that language will need to be included in the draft Ordinance that determines at what stage of the application process for site plans and subdivisions that projects be considered "grandfathered".

D. Comparison with other local jurisdictions

Staff developed a comparison table of the draft Ordinance with similar legislation adopted by other jurisdictions (Attachment 5). A review of the table resulted in proposed modifications to the draft Ordinance previously distributed to the Council.

ATTACHMENTS:

1. Affordable Sales Price and Rent Calculations by Income Level: Town of Easton
2. Residential Pipeline
3. Easton Residential Pipeline Map
4. Comparison of the Town of Easton's Draft Inclusionary Housing Ordinance with other Jurisdictions
5. Draft Inclusionary Housing Ordinance, February 17, 2023
6. Information Item, February 6, 2023

AFFORDABLE HOUSING FUND 01-09-2023

TC0601

INCOME

Easton Village	$	1,396,428.45	permits		85	*	$	16,428.57	
	$	275,000.00	renovation	$	25,000.00	* - possibly overpaid			
	$	75,000.00	8/31/2017						
	$	75,000.00	6/1/2018						
Ashby Commons	$	84,363.61	permits		29	*	$	2,909.09	
Contributions	$	72,000.00			2,006	2007			2009
				$	50,000.00	** 2006 income may be incorrectly posted			
Misc. Donations	$	1,650.00			2011	2012			2014
Chapel Road House	$	159,710.00							
Returned Grant	$	7,310.00							
TOTAL REVENUE	**$**	**2,146,462.06**		$	2,071,462.06	After Above Ajustments			

EXPENSES

Professional Services	$	71,096.01			
Chapel Road House	$	166,245.50			
Renovations	$	180,065.06			
Marketing	$	4,131.98			
Misc.	$	634.54			
Utilities	$	229.23			
TOTAL EXPENSES	**$**	**422,402.32**	$	422,402.32	
NET INCOME	**$**	**1,724,059.74**	$	1,649,059.74	After Above Ajustments

ANTICIPATED ADDITIONAL EXPENSES BEYOND 01-09-2023

Renovation Exposure	**$**	**60,000.00**	3 grants pending / $32,500 - 3 potential new applications / $27,500
Doverbrook	**$**	**250,000.00**	
Renovation Fund Replenish	**$**	**400,000.00**	
NET AHB FUND	**$**	**1,014,059.74**	$ 939,059.74 After Above Ajustments

ANTICIPATED ADDITIONAL INCOME BEYOND 01/09/2023

Easton Village	$	328,571.40	permits	20 *	$	16,428.57
Ashby Commons	$	11,636.36	permits	4 *	$	2,909.09
Total	**$**	**340,207.76**				
TOTAL ANTICIPATED REVENUE	**$**	**1,354,267.50**	**$ 1,279,267.50** After Above Ajustments			

Easton Affordable Housing Renovation Program

Memo

To: The Easton Town Council

Megan Cook-President, Al Silverstein, Don Abbatiello, Ron Engle, Elmer Davis Jr.

Mayor Robert Willey

Don Richardson

Sharon VanEmburgh

From: Jim Bent - Chairman

CC: Affordable Housing Board

Date: 01/17/2023

Re: Renovation Fund Replenishment

The Easton Affordable Housing Board approved replenishing the Renovation Fund, originally funded at $250,000.00, buy a set aside of an additional $400,000.00 of the existing revenue of the Affordable Housing Fund. The remaining funds after and as of 01/09/2023, $1,014,059.74 with the anticipation of an additional $340,207.76 revenue from the completion of Easton Village and Ashby Commons.

The first renovation project was completed June 2, 2014, at 320 Hopkins Place, an updated bathroom with disability access. Since 2014 we have completed 26 renovations - $180,065.06 – consisting of 19 Grants, 6 Deferred No Interest Loans and 1 Low Interest loan. Your Board has also declined 16 applications for a variety of reasons, primarily with income over the program limits. The average per project $6,923.

We currently have 3 approved applications, all grants, pending contractor scheduling plus 3 applications under consideration. Exposure from these 6 applications estimated at $60,000.00, totaling $240,065.06 of the original $250,000.00.

Your Affordable Housing Board believes we have completed possibly one third of the potential opportunities for the Renovation Program.

Respectively Submitted

Jim Bent - Chairman

Easton Affordable Housing Renovation Program

Memo

To: The Easton Town Council

Megan Cook-President, Al Silverstein, Don Abbatiello, Ron Engle, Elmer Davis Jr.

Mayor Robert Willey

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Your Affordable Housing Board believes we have completed possibly one third of the potential opportunities for the Renovation Program.

Respectively Submitted

Jim Bent - Chairman

PROPOSAL

ANNUAL
STREET RESURFACING
2023

Made this 7th day of February 20 23 ,

By David A. Bramble, Inc.

Business Address P.O. Box 419, Chestertown, MD 21620

The Bidder declares that the only person, firm, or corporation or persons, firms or corporations that has or have any interest in this proposal or in the contract or contracts proposed to be taken is or are the undersigned; that this proposal is made without connection, collusion, or agreement with any person, firm, or corporation making a proposal of the same work to bid a fixed or uniform price; that the attached specifications and form of contract and the drawings therein referred to have been carefully examined and are understood; that as careful an examination has been made as is necessary to become informed as to the character and extent of the work required; and that it is proposed and agreed if the proposal is accepted to contract with the Town of Easton, in the form of contract hereto attached to do the required work in the manner set forth in the **Specifications and as shown on the drawings**.

The prices on the attached and signed Proposal forms are to include and cover the furnishing of all materials and labor requisite and proper (except those specified as being furnished by the Owner (Town of Easton)), and the providing of all necessary machinery, tools apparatus and means of performing the work, and the doing of all the above mentioned work, in the manner set forth, described and shown in the specifications, and the contract drawings within the prescribed time. If this proposal shall be accepted by the Town of Easton and the undersigned shall refuse or neglect within **30** days after receiving the contract for execution, to execute the same then the Town of Easton may at its option, determine that the bidder has abandoned the contract; and thereupon the proposal and the acceptance thereof shall be null and void.

The Contractor shall maintain such insurance as will protect him from claims under workmen's compensation acts and from any other claims for damage for personal injury, including death, and property damage which may arise from operations under this contract, whether such operations be by himself or by any subcontractor or anyone directly or indirectly employed by either of them. Certificate of such insurance shall be filed with the Owner (Town of Easton) and shall be subject to its approval for adequacy of protection. **Bodily injury liability insurance** shall be in an amount **not less than $1,000,000, including death, to each person and subject to the same limit for each person**, in an amount of **not less than $3,000,000 on account of one accident**. **Property damage insurance** shall be in an amount **not less than $200,000 per accident**, with an **aggregate of not less than $500,000**.

(Note - The bidder or bidders must sign here, and the address of each must be given.) In the case of firms, the firm's name must be signed and subscribed to by at least one member.

In case of corporations, the corporate name must be signed by some authorized officer or agent thereto, who shall also subscribe his name and office. If practicable, the seal of the corporation shall be affixed.

The names and addresses of all members of a firm or the names, addresses and titles of every officer of a corporation, as the case may be, must be given here by the member of the firm or by the officer or agent of the corporation who signs the proposal.)

I do solemnly declare and affirm under the penalties of perjury that the declaration and statements contained in the first paragraph thereof are true and correct to the best of my knowledge, information and belief.

Paul C. Bramble, President of Operations	P.O. Box 419, Chestertown, MD 21620
Megan B. Owings, President of Administration	P.O. Box 419, Chestertown, MD 21620
Charles T. Breeding, Vice President	P.O. Box 419, Chestertown, MD 21620
Joshua R. Hignutt, Treasurer	P.O. Box 419, Chestertown, MD 21620
David C. Bramble, Assistant Treasurer	P.O. Box 419, Chestertown, MD 21620
Megan B. Owings, Secretary	P.O. Box 419, Chestertown, MD 21620
Millie C. Clough, Assistant Secretary	P.O. Box 419, Chestertown, MD 21620

I/We identify by number, date and number of pages the following addenda:

No.	Date	No. of Pages
1	01/27/2023	1

BID FORM

BASE BID					
Item	**Description**	**Unit**	**Quantity**	**Unit Price**	**Total Price**
1	1½ " Milling	SY	20,940	3.65	76,431.00
2	2" Hot Mix (Superpave 9.5mm)	TONS	2,277	108.00	245,916.00
3	Fabric (Contingent)	SY	100	4.10	410.00
4	Additional 3" Milling (Contingent)	SY	290	5.90	1,711.00
5	Additional 3" Hot Mix Base Course (Superpave 19.0 mm) (Contingent)	TONS	50	117.00	5,850.00
TOTAL BASE BID =					$330,318.00

My **ANNUAL STREET RESURFACING 2023** bid, in accordance with this Request for Proposals, is a **TOTAL BASE BID** price of:

Three Hundred Thirty Thousand, Three Hundred Eighteen Dollars ($ **330,318.00**).

The Bidder agrees that this Proposal shall be good and may not be withdrawn for a period of **30** calendar days after the opening of the Bid Proposals.

David A. Bramble, Inc.
(Bidder - Company Name)

Paul C Bramble
(Signature)

02/07/2023
(Date)

Paul C. Bramble
(Print Name)

President
(Title)

A contract, if awarded, will be awarded to the lowest, responsible, responsive Bidder whose proposal in the sole opinion of the Owner (Town of Easton) represents the best value to the Town of Easton and the acceptance of which, in whole or in part, is in the best interest of the Town

of Easton. The Town of Easton reserves the right to reject any and all bids, to waive any irregularities, and to re-advertise for new bids.

Bids shall include sales tax and all other applicable taxes and fees.

Bidders must be prepared to complete work outlined in Special Condition 2.E before **June 2, 2023.** Bidder further agrees to pay as liquidated damages, an amount of **$250 per calendar day,** as defined in the General Conditions.

In addition to work outlined in Special Condition 2.E., additional work may be added to this Contract if mutually agreed to by both the Town and the Contractor. All additional work under this Contract must be completed by **DECEMBER 31, 2023.**

SUBCONTRACTOR LISTING

The following subcontractors will be employed by this contract:

Project Phase	Type of Work	Subcontractor's Name, Address, Phone Number	Percent of Total Work
	Paving Fabric	American Paving Fabric, Inc. 6910 O'Connor Road Hanover, MD 21076	.1%
	Flagging	Right Way Flagging & Sign Co., Inc. 3918 Mud Mill Road Camden, DE 19934	2.9%

Attach additional pages as necessary. Types of Work not listed indicate that the Bidder intends to perform the work with own force. If a type of work is to be awarded to a subcontractor but the company has not yet been identified, enter "to be determined" in the column for the subcontractors name.

AFFIDAVIT I

EASTON, MARYLAND
EASTON, MARYLAND 21601

TITLE: **ANNUAL STREET RESURFACING 2023**

NON-COLLUSION CERTIFICATE

COUNTY OF: Queen Anne's

STATE OF: Maryland

Before me, the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared Paul C. Bramble
And made oath in due form of law that the Proposer herein, his Agents, servants and/or employees, to the best of his knowledge and belief, have not in any way colluded with anyone for and on behalf of the Proposer, or themselves, to obtain information that would give the Proposer an unfair advantage over others, nor have they colluded with anyone for and on behalf of the Proposer, or themselves, to gain any favoritism in the award of the Contract herein.

In Witness thereof, I hereby set my hand and official seal.

Mildred C. Clough

(NOTARY PUBLIC) Mildred C. Clough

MILDRED C. CLOUGH NOTARY PUBLIC QUEEN ANNE'S COUNTY, MARYLAND

My Commission Expires: 01/21/2025

Paul C Bramble

Paul C. Bramble, President

A. BRAMBLE CORPORATE SEAL 1959 MARYLAND

Sign for Identification

AFFIDAVIT II

EASTON, MARYLAND
EASTON, MARYLAND 21601

TITLE: **ANNUAL STREET RESURFACING 2023**

DISCLOSURE OF INTEREST BY PERSONS DOING BUSINESS WITH TOWN OF EASTON

The undersigned does hereby declare that no officer or employee of the Town of Easton and/or Easton Utilities Commission, whether elected or appointed has in any manner whatsoever any interest in or has received prior to hereto or will receive subsequent hereto any benefit, monetary or material consideration from the profits or emoluments of this contract, job, work or service for the Town, and that no officer or employee has accepted or received or will receive, directly or indirectly, any part of any fee, commission or other compensation paid or payable by the Town in connection with the contract, job, work, or service for the Town, excepting, however, the receipt of dividend or corporation stock.

I, we do solemnly declare and affirm under the penalties of perjury and the contents of the foregoing affidavit are true and correct to the best of my knowledge, information and belief.

02/07/2023
DATE

Paul C Bramble
SIGNATURE

Paul C. Bramble
PRINTED

President
TITLE

P.O. Box 419, Chestertown, MD 21620
FIRM NAME AND ADDRESS

END OF SECTION

BID BOND

KNOW ALL MEN BY THESE PRESENTS, that we, the Undersigned

David A. Bramble, Inc.

as Principal, and

Liberty Mutual Insurance Company

as Surety, are hereby held and firmly bound unto the Town of Easton, as OWNER, the penal sum of Sixteen Thousand, Five Hundred Fifteen Dollars (**5% of the Total Base Bid**) for the payment of which, well and truly to be made, we hereby jointly and severally bind ourselves, successors and assigns.

Signed, this 7th day of February, 2023.

The Condition of the above obligation is such that whereas the Principal has submitted to the Town of Easton a certain BID, attached hereto and hereby made a part hereof to enter into a contract in writing, for the **ANNUAL STREET RESURFACING 2023**.

NOW, THEREFORE,

(a) If said BID shall be rejected, or

(b) If said BID shall be accepted and the Principal shall execute and deliver a contract in the Form of Contract attachment hereto (properly completed in accordance with said BID) and shall furnish a BOND for faithful performance of said contract, and for the payment of all persons performing labor and furnishing materials in connection therewith, and shall in all other respects perform the agreement created by the acceptance of said BID, then this obligation shall be void, otherwise the same shall remain in force and effect; it being expressly understood and agreed that the liability of the Surety for any and all claims hereunder shall, in no event, exceed the penal amount of this obligation as herein stated.

The Surety, for value received, hereby stipulates and agrees that the obligations of said Surety and its BOND shall be in no way impaired or affected by any extension of the time within which the OWNER may accept such BID; and said Surety does hereby waive notice of any extension.

In WITNESS WHEREOF, the Principal and the Surety have hereunto set their hands and seals, and such of them as are corporations have caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers, the day and year first set forth above. Surety executing Bonds shall be a licensed agent in the State of Maryland.

David A. Bramble, Inc.

______________________________(L.S.)

Principal Paul C. Bramble, President

Liberty Mutual Insurance Company

Surety

By: ______________________________

Kevin P. Adams, Attorney-in-Fact

IMPORTANT - Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in Maryland.

END OF SECTION

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

Liberty Mutual.
SURETY

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

Certificate No: 8206745-019014

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That The Ohio Casualty Insurance Company is a corporation duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, Colin M. Montgomery; Kevin Connelly; Kevin P. Adams; Linda Dozier; Martin J. Purcell; Michael J. Mitchell; Patrick Bucalo

all of the city of Philadelphia state of PA each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents and shall be as binding upon the Companies as if they have been duly signed by the president and attested by the secretary of the Companies in their own proper persons.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 3rd day of November, 2021.

Not valid for mortgage, note, loan, letter of credit, currency rate, interest rate or residual value guarantees.

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

By: David M. Carey, Assistant Secretary

For bond and/or Power of Attorney (POA) verification inquiries, please call 610-832-8240 or email HOSUR@libertymutual.com.

State of PENNSYLVANIA ss
County of MONTGOMERY

On this 3rd day of November, 2021 before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of Liberty Mutual Insurance Company, The Ohio Casualty Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.

Commonwealth of Pennsylvania - Notary Seal
Teresa Pastella, Notary Public
Montgomery County
My commission expires March 28, 2025
Commission number 1126044
Member, Pennsylvania Association of Notaries

By: Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV – OFFICERS: Section 12. Power of Attorney.
Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

ARTICLE XIII – Execution of Contracts: Section 5. Surety Bonds and Undertakings.
Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation – The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization – By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 7th day of February, 2023.

By: Renee C. Llewellyn, Assistant Secretary

LMS-12873 LMIC OCIC WAIC Multi Co 02/21

LIBERTY MUTUAL INSURANCE COMPANY

FINANCIAL STATEMENT — DECEMBER 31, 2021

Assets

Cash and Bank Deposits	$2,234,770,744
*Bonds — U.S Government	4,250,615,811
*Other Bonds	16,983,165,862
*Stocks	20,075,458,019
Real Estate	182,250,567
Agents' Balances or Uncollected Premiums	7,607,687,836
Accrued Interest and Rents	120,173,987
Other Admitted Assets	14,076,622,575
Total Admitted Assets	**$65,530,745,401**

Liabilities

Unearned Premiums		$9,106,965,847
Reserve for Claims and Claims Expense		25,279,158,493
Funds Held Under Reinsurance Treaties		315,537,902
Reserve for Dividends to Policyholders		1,726,291
Additional Statutory Reserve		139,634,000
Reserve for Commissions, Taxes and Other Liabilities		8,638,106,801
Total		**$43,481,129,334**
Special Surplus Funds	$178,192,363	
Capital Stock	10,000,075	
Paid in Surplus	11,804,736,755	
Unassigned Surplus	10,056,686,874	
Surplus to Policyholders		**22,049,616,067**
Total Liabilities and Surplus		**$65,530,745,401**

* Bonds are stated at amortized or investment value; Stocks at Association Market Values.
The foregoing financial information is taken from Liberty Mutual Insurance Company's financial statement filed with the state of Massachusetts Department of Insurance.

I, TIM MIKOLAJEWSKI, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the foregoing is a true, and correct statement of the Assets and Liabilities of said Corporation, as of December 31, 2021, to the best of my knowledge and belief.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation at Seattle, Washington, this 8th day of March, 2022.

T Mikolajewski

Assistant Secretary

S-1262LMIC/a 3/22

DAVID A. BRAMBLE, Inc. *General Contractors*

(410)778-3023/(410)778-3427 (FAX) * 705 MORGNEC ROAD/P. O. BOX 419 * CHESTERTOWN, MD 21620

Town of Easton:

David A. Bramble, Inc. is a heavy highway construction company incorporated in the State of Maryland, February 13, 1959. In our 62 years of business, we have worked for the State of Maryland and multiple county agencies as well as towns and municipalities in the Delmarva Region.

Most recently we have performed work for the Town of Easton on it's 2021 Streets project and the Mistletoe Hall Commerce Business Park.

TOWN OF

EASTON

ENGINEERING DEPARTMENT

DATE: **February 15, 2023**

TO: **Don Richardson – Town Manager**

cc: **Mayor Willey**

FROM: **Rick Van Emburgh, P.E. – Town Engineer**

SUBJECT: **2023 Annual Street Resurfacing & Rail Trail Asphalt Repairs Recommendation**

The Town of Easton FY23 Budget includes $350,000 for Annual Street Resurfacing (Project #23-29).

We recently advertised a Request for Proposals (RFP) for this work and held a public bid opening on February 7, 2023. We received three (3) sealed bids. The following is a summary of bids received:

COMPANY	TOTAL BASE BID
Bramble	$330,318
Myers	$341,416
ECM	$344,025

The low bid was submitted by David A. Bramble (Bramble), with a Total Base Bid of $330,318.

Bramble has performed Annual Street Resurfacing work in recent years, and recently completed the Mistletoe Hall Farm Project, Calvert Street Extension, and Norris Taylor Drive for us. We have been very satisfied with the work done and we worked together to resolve issues that came up during the course of construction.

In conclusion, I have reviewed all bids and recommend awarding the project to Bramble for the Total Base Bid of $330,318.

END OF RECOMMENDATION

P.O. Box 520, Easton, Maryland 21601
410-820-8822
Engineering@EastonMD.gov - www.EastonMD.gov

EASTON POLICE DEPARTMENT

"With Pride We Serve"

UPCOMING PUBLIC ASSEMBLY EVENT

TO: Mayor Willey and Don Richardson

DATE: February 15, 2023

PREPRARED BY: 1st Sgt. E. Kellner #0144

EVENT: Easton Volunteer Fire Dept. 5K Run

APPLICANT: Donald Abbatiello / EVFD

LOCATION: See attached maps   Start at EVFD and utilize Rails to Trails

DATE/TIME: April 15, 2023 10:30am - Completed

ATTENDANCE: 150 – 200

PURPOSE: Fundraiser for EVFD

SPECIAL REQUESTS: Traffic control and Bike patrol. They will be using volunteer Firefighters for traffic control at most intersections.

APPROXIMATE COST: 2 bike patrol officers assist with traffic control, roam during the event, and deploy/remove cones. 12 total man hours at $65 per hour rate = $780.00. Plus $100 permit fee.

RECOMMENDATION: Approve