

**AS AMENDED ON NOVEMBER 8, 2021  
ORDINANCE NO. 2692**

**AN ORDINANCE OF THE CITY OF SALISBURY TO ESTABLISH A PROGRAM TO ENCOURAGE THE EXPANSION OF RESIDENTIAL HOUSING IN THE CITY OF SALISBURY, KNOWN AS THE HOUSING EXPANSION INCENTIVE PROGRAM.**

**WHEREAS**, the City seeks to ~~increase-encourage~~ the construction and expansion of residential housing in the City of Salisbury ~~to encourage home ownership~~ to increase the availability of housing and enhance the economic welfare of the community as a whole; and

**WHEREAS**, the City through the Department of Infrastructure and Development assesses ~~a multitude of various~~ permitting, annexation and development assessment fees and comprehensive connection charges in connection with the construction of residential housing; and

**WHEREAS**, the City believes a waiver of the aforementioned fees and charges will encourage expansion of residential housing construction and development and, accordingly, has developed a Housing Expansion Incentive Program Guidelines and Application with specific requirements that shall be monitored and administered by the Department of Infrastructure and Development in order to ensure that all information and submissions are correct and properly considered; and

**WHEREAS**, the Mayor joins with the City Council in recommending the implementation of the Housing Expansion Incentive Program and application process; and

**WHEREAS**, Section 13.02.07(A)(8) of the Salisbury ~~Municipal City~~ Code ~~allows-authorizes~~ the Mayor and Council to ~~adopt discounts~~ approve a waiver or partial reduction of ~~for the~~ comprehensive connection charges for municipal water and sewer service in accordance with the terms and conditions governing such City policy; ~~to encourage water and sewer usage consistent with the City's goals;~~ and

**WHEREAS**, the City ~~of Salisbury, Department of Infrastructure and Development~~ imposes certain fees and costs, including, but not limited to, development assessments, for the annexation of real property into the City ~~requires annexation and development assessment fees to be paid for properties being annexed into the City of Salisbury;~~ and

**WHEREAS**, City policy requires the approval of the City Council in order to waive any fee that is associated with a project not being performed directly by the City.

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND**, as follows:

**Section 1.** Title 3 of the Salisbury City Code, entitled "REVENUE AND FINANCE, be and hereby is amended by adding a new Chapter 3.27, titled "Housing Expansion Incentive Program", as follows:

**Chapter 3.27 Housing Expansion Incentive Program.**

**3.27.010 – Definitions.**

**In this ~~section~~Chapter, the following ~~words~~terms have the ~~following~~ meanings indicated below.:**

**"Residential Development" means real estate development for residential purposes, to include apartments, condominiums, townhouses, duplexes, multifamily dwellings, single family dwellings,**

group domiciliary care facilities and senior housing in the form of assisted living and/or retirement living.

“Fee Waivers” includes the following fees:

Comprehensive Connection Charges, subject to the exclusions set forth below in this Section;

Building Plan Review Fees;

Building Permit Fees;

Demo- Residential (Building Fee);

Gas (Building Fee);

Mechanical (Building Fee);

Plumbing (Building Fee);

Annexation Fees, to include Annexation – Development Assessment Fees;

Water and Sewer Connection Fees;

Development Plan Review Fees;

Subdivision Review Fees;

Resubdivision Review Fees;

Critical Area Fees (Certificate of Compliance);

Infrastructure Reimbursement Administrative Fees;

Water Meter Setting Fees;

Fire Prevention Fees, to include Basic Fees, Expedited Fees, and After Hours Inspection Fees; and,

Fire Permit Fees, to include Fire Alarm & Detection Systems and Sprinkler Fees, Water Spray Fees and Combined Sprinkler & Standpipe Systems Fees.

“Fee Waivers” does not include- the following fees: Critical Area Program Fees (Fee-in-Lieu), Water and Sewer Infrastructure Reimbursement Fees, Water Meter/Tap Fees and Sewer Connection Fee, or Any necessary Reinspection Fees.

### 3.2627.011 – Purpose.

The Housing Expansion Incentive Program is hereby established for the purpose of accelerating the construction or expansion of Residential Development in the City of Salisbury.

### 3.2627.012 – Requirements of the Housing Expansion Incentive Program.

A. The City hereby adopts the Housing Expansion Incentive Program Guidelines and the Application ~~submitted with this ordinance and~~ attached hereto and incorporated herein as “Exhibit A” as the initial approved application for the Fee Waivers provided in this Chapter. The ~~and~~ City hereby grants administrative powers to the Director of the Department of Infrastructure and Development to process and ~~monitor~~ administer any application for the Housing Expansion Incentive Program submitted applications under this Chapter, - to make necessary changes to the application for the Housing Expansion Incentive Program, and to adopt such additional rules and regulations as may be necessary for the proper and efficient administration of the Housing Expansion Incentive Program.

C. An application for the Housing Expansion Incentive Program shall be subject to pre-approval by the Mayor of the City of Salisbury.

D. Upon pre-approval of an application for the Housing Expansion Incentive Program by the Mayor of the City of Salisbury, the Department of Infrastructure and Development shall prepare a Housing Expansion Incentive Program Agreement, and, if the Residential Development is planned for

property located outside the municipal boundaries of the City of Salisbury, an Annexation Petition, for execution by the ~~Applicant~~ applicant and the City. A Housing Expansion Incentive Program Agreement shall contain the following minimum terms:

1. The ~~A~~ applicants shall receive Fee Waivers pursuant to the Housing Expansion Incentive Guidelines and Application attached ~~as hereto and incorporated herein as "Exhibit A"~~ hereto;
2. The ~~A~~ applicants shall pay all fees eligible for Fee Waivers on time and in full as the Residential Development progresses. Any fees paid by the ~~Applicant~~ applicant which are eligible for Fee Waivers shall be maintained by the City in a separate Fee Waivers escrow account. Fee Waivers shall be effectuated through a refund of the fee amounts deemed to be waived, with such refund ~~to~~ shall be paid by the City to the applicant, in a lump sum, upon the issuance of the Certificate of Occupancy for the Residential Development; and
3. The Applicants shall adhere to all terms contained in the Housing Expansion Incentive Program Agreement, including, but not limited to, ~~the any~~ deadlines for plan approval of the Residential Development, commencement of construction of the Residential Development, and issuance of ~~a the certificate~~ Certificate of ~~occupancy~~ Occupancy for the Residential Development.

#### 3.27.013 – Authority to Bind.

The Mayor of the City of Salisbury, acting on behalf of the City, is authorized to enter into a Housing Expansion Incentive Program Agreement in accordance with this Chapter 3.27.

#### 3.27.014 – Reporting.

The Mayor of the City of Salisbury shall provide a report to the City Council summarizing the participation in the Housing Expansion Incentive Program, the status of approved Residential Development projects, and the cost to the City of Salisbury in terms of collective Fee Waivers. This report shall be provided within ninety (90) days of the adoption of this ordinance, and, subject to the provisions of Section 3.27.014, on January 31 of each year thereafter, through the date of January 31, 2028.

#### 3.27.015 – Cessation of the Housing Expansion Incentive Program.

A. Unless otherwise authorized by an ordinance, enacted by the City Council, amending this Section 3.27.015, the Housing Expansion Incentive Program and all provisions of this Chapter shall expire, and shall be deemed to be of no force and effect, on February 28, 2022 at 4:30 p.m. (Eastern Standard Time). Subject, in all respects, to the provisions set forth in Section 3.27.012(D)(3), the preceding sentence of this Section 3.27.015(A) shall not apply to any valid and existing Housing Expansion Incentive Program Agreement entered into by the City and an applicant on or before February 28, 2022.

B. Notwithstanding any term to the contrary set forth in Section 3.27.015(A), the provisions of this Chapter 3.27 shall apply to any application for the Housing Expansion Incentive Program submitted to the Department of Infrastructure and Development on or before February 28, 2022, subject to the terms set forth in Section 3.27.011(C) and Section 3.27.011(D).

**BE IT FURTHER ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND,** as follows:

**Section 2.** It is the intention of the Mayor and Council of the City of Salisbury that each provision of this Ordinance shall be deemed independent of all other provisions herein.

**Section 3.** It is further the intention of the Mayor and Council of the City of Salisbury that if any section, paragraph, subsection, clause or provision of this Ordinance shall be adjudged invalid, unconstitutional or otherwise unenforceable under applicable Maryland or federal law, such adjudication shall apply only to the section, paragraph, subsection, clause or provision so adjudged and all other provisions of this Ordinance shall remain and shall be deemed valid and enforceable.

**Section 4.** The recitals set forth hereinabove, [and any and all Exhibits attached hereto](#), are incorporated into this section of the Ordinance as if such recitals [and Exhibits](#) were specifically set forth at length in this Section 4.

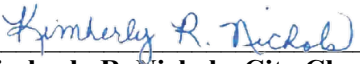
**Section 5.** This Ordinance shall take effect from and after the date of its final passage.

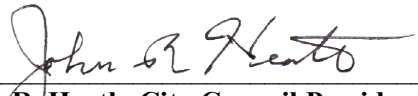
**THIS ORDINANCE** was introduced and read at a Meeting of the Mayor and Council of the City of Salisbury held on the 25th day of October, 2021 and thereafter, a statement of the substance of the Ordinance having been published as required by law, in the meantime, was finally passed by the Council of the City of Salisbury on the 8th day of November, 2021.

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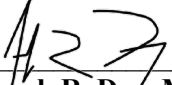
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**ATTEST:**

  
\_\_\_\_\_  
**Kimberly R. Nichols, City Clerk**

  
\_\_\_\_\_  
**John R. Heath, City Council President**

Approved by me, this 11th day of November, 2021.

  
\_\_\_\_\_  
**Jacob R. Day, Mayor**



(d) To qualify for a partial fee waiver, as defined and more fully set forth in the attached Exhibit 1, Developer shall meet the following deadlines:

(i) This Program Agreement must be executed by February 28, 2022 in order for Developer to take advantage of the partial fee waiver benefits provided herein.

(ii) The Project's Building Permit application and site plans shall be submitted and approved by the Department of Infrastructure and Development no later than February 28, 2023~~December 31, 2022~~; and/or

(iii) Developer shall commence construction on the Project no later than October 31, 2023~~December 31, 2023~~; and/or

(~~iii~~iv) Developer shall obtain the certificate of occupancy for the Project no later than June 30, 2025 for multifamily development projects, or June 30, 2027 for single-family development projects.

3. **Warranties and Obligations of the City:** The City does hereby warrant and agree for the benefit of Developer as follows:

(a) The City shall grant Fee Waivers to Developer, calculated in accordance with the guidelines set forth on the attached Exhibit 1 and as more fully set forth in a Letter of Intent issued by the City of Salisbury Department of Infrastructure and Development, which Letter of Intent is attached hereto as **Exhibit 2** and incorporated by reference as if fully set forth herein.

(b) All fees shall be paid by Developer on time and in full as the Project progresses. Any fees paid by Developer which may be eligible for Fee Waivers shall be maintained by the City in a separate Fee Waivers escrow account. Fee Waivers shall be effectuated through a refund of the amounts deemed to be waived, with such refund to be paid in a lump sum upon the issuance of the Certificate of Occupancy for the Project.

4. **Warranties and Obligations of the Developer.** The Developer does hereby warrant and agree for the benefit of the City as follows

(a) Developer shall adhere to the Guidelines and requirements set forth in Exhibits 1 and 2. If the Property is located outside of the City of Salisbury, Developer shall execute an Annexation Petition simultaneously herewith.

(b) As set forth above, all fees shall be paid by Developer on time and in full as the Project progresses. Fee Waivers shall be effectuated through a refund of the amounts deemed to be waived, with such refund to be paid in a lump sum upon the issuance of the Certificate of Occupancy for the Project.

(c) Developer shall indemnify, defend and save harmless the City and its officers, employees and agents from and against any suits, actions, legal or administrative proceedings, demands, claims, liabilities, fines, penalties, losses, injuries, damages, expenses or costs, including interest and attorneys' fees, in any way connected with any injury to any person or damage to any property or any loss to the City or third parties.

(d) The City shall have the right to refuse or recall Fee Waivers if the City believes the work for development of the Project is unsatisfactory, construction of the Project is not being completed according to this Program Agreement, or the Project otherwise does not meet the eligibility requirements.

## 5. **Miscellaneous.**

(a) **Authority.** Each Party represents and warrants to the other Party that: (i) it has the full right, power and authority to execute this Program Agreement; (ii) the execution and delivery of

90 this Program Agreement and the performance of its obligations hereunder are not prohibited by or in breach  
91 of, and the provisions hereof do not conflict with, any other agreement, mortgage, contract or other  
92 instrument or document to which it is a Party or by which it is otherwise bound; and, (iii) there are no legal  
93 requirements imposed upon it which prohibit or limit the execution and delivery of this Program Agreement  
94 and the performance of its obligations hereunder.

95  
96 (b) **Entire Agreement.** With the exception of any requisite Annexation Petition, this  
97 Program Agreement, and all exhibits attached hereto, constitute the entire agreement and understanding of  
98 the Parties with respect to the matters set forth herein, and all prior negotiations, writings and  
99 understandings relating to the subject matter of this Program Agreement are merged herein and are  
100 superseded and canceled by this Program Agreement.

101  
102 (c) **Waiver - Amendments.** Any of the terms or conditions of this Program  
103 Agreement may be waived but only in writing by the Party which is entitled to the benefit thereof, and this  
104 Program Agreement may be amended or modified in whole or in part only by an agreement in writing  
105 executed by all of the Parties.

106  
107 (d) **Binding Nature of Agreement.** This Program Agreement shall be binding upon  
108 and inure to the benefit of the Parties and their respective heirs, personal representatives, successors and  
109 permitted assigns. Developer may assign this Program Agreement and all its rights hereunder to any  
110 successor(s)-in-interest of Developer with respect to its ownership of, or any of its rights in and to, the  
111 Project or any part or portion thereof. In the event of such an assignment, and/or transfer of the Property,  
112 the new owner or interest holder shall enter into a modified agreement with the City, affirming the benefits  
113 and obligations of the original Program Agreement.

114  
115 (e) **Severability.** The invalidity or unenforceability of any provision of this  
116 Program Agreement shall not affect or otherwise limit the validity and enforceability of the other provisions  
117 hereof.

118  
119 (f) **Construction.** This Program Agreement and all of the terms and conditions set  
120 forth herein shall not be construed or enforced in favor of or against any Party hereto by reason of the fact  
121 that Party or that Party's agent or attorney drafted all or any part of this Program Agreement. Section  
122 headings are for convenience of reference only and shall not limit or otherwise affect any of the provisions  
123 of this Program Agreement. As used herein, any reference to the masculine, feminine or neuter gender shall  
124 include all genders, the plural shall include the singular, and the singular shall include the plural.

125  
126 (g) **Governing Law.** This Program Agreement shall be construed and enforced in  
127 accordance with the laws of the State of Maryland, without regard to its conflict of laws principles. The  
128 Parties hereto acting for themselves and for their respective successors and assigns, without regard to  
129 domicile, citizenship or residence, hereby expressly and irrevocably consent to and subject themselves to  
130 the jurisdiction of the Maryland courts and to venue in Wicomico County, Maryland with respect to any  
131 matter arising under, from or in connection with this Program Agreement.

132  
133 (h) **Waiver of Jury Trial.** The Parties hereto shall and they hereby do waive trial by  
134 jury in any action, proceeding or counter-claim brought by a Party hereto against the other on any matter  
135 whatsoever arising out of or in any way connected with this Program Agreement, the relationship of the Parties  
136 to one another, and/or any claim, injury or damage arising from or consequent upon this Program Agreement.

137  
138 (i) **Recitals.** The Recitals set forth hereinabove are incorporated by reference herein,  
139 and made a part hereof, as if fully set forth in this Program Agreement.



(j) **Counterparts.** This Program Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the Parties hereto have set their hands and seals and acknowledged this Program Agreement as of the date and year referenced below.

**WITNESS/ATTEST:**

**THE CITY:**

**City of Salisbury, Maryland**

By: \_\_\_\_\_ (SEAL)

Jacob R. Day, Mayor

Date: \_\_\_\_\_, \_\_\_\_\_, 20\_\_

**DEVELOPER:**

**NAME**

By: \_\_\_\_\_ (SEAL)

Printed name and title

Date: \_\_\_\_\_, \_\_\_\_\_, 20\_\_



## Housing Expansion Incentive Program

### Guidelines and Application

Department of Infrastructure & Development

Room 202

125 N. Division Street

Salisbury, Maryland 21801

Phone: 833-SBY-CITY

~~September~~ October 2021

## **Housing Expansion Incentive Program Guidelines and Application**

The Housing Expansion Incentive Program (the “**Program**”) is a graduated fee waiver program. The primary goal of the Program is to accelerate the construction of residential development throughout Salisbury. Projects that meet eligibility requirements shall qualify for a full or partial waiver of annexation fees, permitting fees, comprehensive connection charges, and/or development assessment fees, as set forth in detail on the attached **Exhibit 1** (collectively referred to as the “**Fee Waivers**”). Guidelines for the Program are set forth below (the “**Guidelines**”), immediately followed by the Program Application (the “**Application**”).

### **Eligibility for Program Fee Waivers**

A developer (each an “**Applicant**” and collectively the “**Applicants**”) may submit written documentation to the Director of the Department of Infrastructure & Development (“**DID**”) to establish eligibility for a property which is planned for residential development (the “**Project**”), which must demonstrate that the Project meets all of the following criteria:

1. The Project must either be located within the City of Salisbury or, in addition to completing this application, the applicant(s) must sign an Annexation Petition with the City.
2. The Project must comply with all applicable Zoning and Building Codes.
3. The Project must comply with all requirements of the Salisbury Historic District Commission.
4. Applications for the Program must be received, reviewed and confirmed as complete by DID **PRIOR** to the issuance of a certificate of occupancy for the Project.

### **General Conditions**

1. Applicants must comply with all Program guidelines and conditions.
2. Applicants must be the owner of the Project to apply for the Program.
3. Properties and owners must be current on all City, County, State, and Federal property and income taxes and remain current throughout the Program term. Failure to comply shall result in suspension of the Fee Waivers during any period of non-compliance and, at the discretion of the Mayor, may result in termination of the Housing Expansion Incentive Program Agreement (the “**Program Agreement**”) and the forfeiture of Fee Waivers for the remainder of the Program Fee Waiver Schedule set forth in the Program Agreement.
4. Building permits for a Project must be issued within the schedule defined in the Program Agreement.
5. All construction work for a Project must comply with applicable laws, ordinances, building codes and zoning ordinances.
6. The Application must include drawings of the proposed Project made to the specifications required by the Director of DID which demonstrate what the Project will look like when completed and show it will be in full compliance with the requirements of the Program.
7. The Applicant shall not deviate from the Project described in the Application or change the intended use of the property (e.g. change the Project from development of residential units to development of retail space); doing so without the prior approval of the Director of DID and the Council shall disqualify the Project for the Fee Waivers.

8. It is expressly agreed that Applicants shall be solely responsible for all safety conditions and compliance with all safety regulations, building codes, ordinances, and other regulations applicable to any Project for which Fee Waivers are sought under the Program.
9. It is expressly understood and agreed by each Applicant, that Applicants waive and release the City of Salisbury, its agents, employees, officers and/or directors from any and all liability for or arising from any property damage, personal injury, or other loss related in any way to the Project, the development and/or construction thereof, the Program or any Fee Waivers granted to an Applicant thereunder.
10. Each Applicant shall be responsible for hiring and executing an agreement with a general contractor, licensed to operate in the State of Maryland, for the construction of the Project. Each Applicant shall ensure that, in connection with the construction of the Project, its general contractor provides insurance coverage for comprehensive public liability, property damage liability, builder's risk, and workers' compensation.
11. Each Applicant must certify that: there are no hazardous materials located on the property at which the Project is constructed; the Applicant shall not cause or allow any hazardous materials to be placed on the property at which the Project is constructed; and, the property at which the Project is constructed is in compliance with all applicable Federal, State, and local environmental laws and regulations.
12. Applicants shall maintain or cause to be maintained both property and commercial general liability coverage for the Project and the property at which the Project is constructed, both during and after the construction/rehabilitation related to the Program.
13. If a Project is located in the 100-year floodplain, as designated by Federal Emergency Management Agency (FEMA), the Applicant shall be required to provide evidence of flood insurance coverage.
14. Following the completion of the Project, the Applicant shall ensure that all necessary approvals for the commencement of the activities that will take place on the property, including all applicable permits and licenses, have been obtained.
15. To be eligible to participate in the Program, the Program Agreement must be executed no later than ~~ninety (90) days following the City Council's passage of the Fee Waiver Ordinance No. \_\_\_\_\_,~~ passed on \_\_\_\_\_ February 28, 2022.
16. Having met all other requirements to participate in the Program, in order to qualify for each of the Program Fee Waivers the Applicant shall abide by the development timeline established in the Program Agreement.
17. An Applicant shall maintain the property and all improvements of the Project, and otherwise comply with the Municipal Code of the City of Salisbury.
18. An Applicant shall authorize the City of Salisbury to promote any Project approved for the Program. Such promotion by the City of Salisbury may include, but is not limited to displaying a sign at the Project site during and after construction, and using photographs and descriptions of the Project in City of Salisbury materials and press releases.
19. The City of Salisbury shall have the right to refuse and/or rescind the Fee Waivers granted for the Project if the City believes the work is unsatisfactory, the construction of the Project is not being completed according to the approved Application or the executed Program Agreement, or the increased assessed value of the real property following completion of Project construction does not meet the eligibility requirements.

20. If the property at which a Project approved for the Program is constructed (or planned for construction) changes ownership and becomes tax exempt during the term of the program, then 50% of the Fee Waivers received prior to such change of ownership shall be reimbursed to the City of Salisbury within thirty (30) days from the date of settlement on the change of ownership. Repayment of Fee Waivers shall be required, and, to the fullest extent permitted by law, shall be a lien on the property for which the Fee Waivers were requested.

## **Fee Waiver Schedule**

### **1. Full Fee Waivers: Timeline and Development Benchmarks**

a. The Program Agreement must be executed ~~within ninety (90) days from the passage of the Fee Waiver Ordinance No. \_\_\_\_\_, passed on \_\_\_\_\_ by February 28, 2022,~~ in order for Applicant to take advantage of the full Fee Waivers provided herein.

b. All fees shall be paid on time and in full as the Project progresses. Any fees paid by the Owner which may be eligible for Fee Waivers shall be maintained by the City in a separate Fee Waivers escrow account. Fee Waivers shall be effectuated through refunds pursuant to the following timelines and development benchmarks:

(i) If all building permit applications and site plans related to the Project are approved by the Department of Infrastructure and Development by ~~December 31, 2022~~February 28, 2023, the City shall provide Fee Waivers equal to 25% of all permitting, annexation, and development assessment fees related to the project; the 25% Fee Waivers shall also be applied to comprehensive connection charges, excluding water and sewer infrastructure reimbursement fees. Fee Waivers shall be applied separately to each waived fee (i.e., 25% of the building permit fee is waived, 25% of the water and sewer connection fee is waived, etc.). Fee Waivers shall be provided in the form of a refund of the amount deemed to be waived, with such refund to be paid in a lump sum upon the issuance of the Certificate of Occupancy for the Project.

(ii) If construction on the Project commences no later than ~~December 31, 2023~~October 31, 2023, the City shall provide Fee Waivers equal to the 25% of all permitting, annexation, and development assessment fees related to the project; the 25% Fee Waivers shall also be applied to comprehensive connection charges, excluding water and sewer infrastructure reimbursement fees. These subsection 1(b)(ii) Fee Waivers shall be provided in addition to any Fee Waivers received through subsection 1(b)(i). Fee Waivers shall be applied separately to each waived fee (i.e., 25% of the building permit fee is waived, 25% of the water and sewer connection fee is waived, etc.). Fee Waivers shall be provided in the form of a refund of the amount deemed to be waived, with such refund to be paid in a lump sum upon the issuance of the Certificate of Occupancy for the Project.

(iii) If a Certificate of Occupancy for the Project is issued no later than June 30, 2025 for multifamily development projects, or June 30, 2027 for single-family development projects, the City shall provide Fee Waivers equal to 50% of all permitting, annexation, and development assessment fees related to the project; the 50% Fee Waivers shall also be applied to comprehensive connection charges, excluding water and sewer infrastructure reimbursement fees. These subsection 1(b) (iii) Fee Waivers shall be provided in addition to any waivers received through subsections 1(b) (i) and (ii). Fee Waivers shall be applied separately to each waived fee (i.e., 50% of the building permit fee is waived, 50% of the water and sewer connection fee is waived, etc.). Fee Waivers shall be provided in the form of a refund of the amount deemed to be waived, with such refund to be paid in a lump sum upon the issuance of the Certificate of Occupancy for the Project.

## 2. Projects Currently in the development Pipeline – Partial Benefit

a. Projects currently under development may participate in a modified version of this program. The Program Agreement must be executed by February 28, 2022, in order for Applicant to take advantage of the partial Fee Waivers provided herein. so long as they have an executed Program Agreement within ninety (90) days of the passage of the Fee Waiver Ordinance No. \_\_\_\_\_, passed on \_\_\_\_\_.

b. All fees shall be paid on time and in full as the Project progresses. Any fees paid by the Owner which may be eligible for Fee Waivers shall be maintained by the City in a separate Fee Waivers escrow account. Fee Waivers shall be effectuated through refunds pursuant to the following timelines and development benchmarks:

(i) If all building permit applications and site plans related to the Project are approved by the Department of Infrastructure and Development by ~~December 31, 2022~~February 28, 2023, the City shall provide Fee Waivers equal to 25% of all permitting, annexation, and development assessment fees related to the project, *which such Fee Waivers shall be applicable only to future fees which have not yet become due in the ordinary course of the Project's development.* The 25% Fee Waivers shall also be applied to comprehensive connection charges, excluding water and sewer infrastructure reimbursement fees and *provided they have not yet become due in the ordinary course of the Project's development.* Fee Waivers shall be applied separately to each waived fee (i.e., 25% of the building permit fee is waived, 25% of the water and sewer connection fee is waived, etc.). Fee Waivers shall be provided in the form of a refund of the amount deemed to be waived, with such refund to be paid in a lump sum upon the issuance of the Certificate of Occupancy for the Project.

(ii) If construction on the Project commences no later than ~~December 31, 2023~~October 31, 2021, the City shall provide Fee Waivers equal to the 25% of all permitting, annexation, and development assessment fees related to the project, *which such Fee Waivers shall be applicable only to future fees which have not yet become due in the ordinary course of the Project's development.* The 25% Fee Waivers shall also be applied to comprehensive connection charges, excluding water and sewer infrastructure reimbursement fees and *provided they have not yet become due in the ordinary course of the Project's development.* These subsection 2(b)(ii) Fee Waivers shall be provided in addition to any Fee Waivers received through subsection 2(b)(i). Fee Waivers shall be applied separately to each waived fee (i.e., 25% of the building permit fee is waived, 25% of the water and sewer connection fee is waived, etc.). Fee Waivers shall be provided in the form of a refund of the amount deemed to be waived, with such refund to be paid in a lump sum upon the issuance of the Certificate of Occupancy for the Project.

(iii) If a Certificate of Occupancy for the Project is issued no later than June 30, 2025 for multifamily development projects, or June 30, 2027 for single-family development projects, the City shall provide Fee Waivers equal to 50% of all permitting, annexation, and development assessment fees related to the project, *which such Fee Waivers shall be applicable only to future fees which have not yet become due in the ordinary course of the Project's development;* the 50% Fee Waivers shall also be applied to comprehensive connection charges, excluding water and sewer infrastructure reimbursement fees and *provided they have not yet become due in the ordinary course of the Project's development.* These subsection 2(b)(iii) Fee Waivers shall be provided in addition to any waivers received through subsections 2(b)(i) and (ii). Fee Waivers shall be applied separately to each waived fee (i.e., 50% of the building permit fee is waived, 50% of the water and sewer connection fee is waived, etc.). Fee Waivers shall be provided in the form of a refund of the amount deemed to be waived, with such refund to be paid in a lump sum upon the issuance of the Certificate of Occupancy for the Project.

### **All Fee Waivers shall be prorated based upon the proportion of development with a residential use**

All Fee Waivers shall be prorated based upon the proportion of the Project that is developed for residential use. The portion of the Project developed for residential use shall be calculated based upon the

proportion of project-related EDUs that are residential EDUs. To better understand the intent of this provision regarding how program Fee Waivers are to be prorated, refer to the example provided below.

### **Requirements for the Program Agreement**

1. The Director of the Department of Infrastructure and Development, or a designee thereof, shall draft a Program Agreement with eligible Applicants that includes the following:
  - a. Calculation of the sum total of all charges and fees that are eligible to be offset through Fee Waivers, in accordance with the development timeline and benchmark milestones. The calculations shall be set forth by DID in a Letter of Intent issued to Applicant after submission of the Program Application.
  - b. Calculations, based on the proportion of residential EDUs, of the percentage of the Project that is for residential use, which shall be eligible for Program Fee Waivers. All calculations shall be enumerated so that Applicants are fully advised what proportion of the Project is eligible for Fee Waivers, in accordance with the timeline and development benchmarks listed above. These calculations shall be included in the Letter of Intent issued by DID after Applicant's submission of the Program Application.
    - (i) Example: If a Project required a total of 100 EDUs – 80 EDUs for residential components with the remaining 20 EDUs being used for a commercial portion, then the Fee Waivers would only apply to 80% of the fees associated with the Project.
      1. In this example, if the Project were eligible for the full Fee Waivers, it would receive up to a 100% waiver on 80% of fees associated with the Project.
      2. If the Project in this example were eligible for the partial Fee Waivers, it would receive up to a 50% waiver on 80% of fees associated with the Project.
  - c. Draft an Annexation Petition for all proposed Projects located outside of City limits. The an Annexation Petition shall be signed by the Program Applicant and submitted with the signed Program Agreement.

### **Fee Waiver Process**

1. Fee Waivers shall be applied to fees on an individual basis in accordance with the above Fee Waiver Schedule. Fee Waivers may be combined with other local, state and federal incentive programs. Fee Waivers will not supersede other local, state, and federal incentive programs and will be applied after the application of those incentive programs. Fee Waivers cannot exceed 100% of any individual fee.
2. Properties must be current on all City, County, State, and Federal property and income taxes. All Fee Waivers shall be suspended unless and until the property's owners and tenants are current on all City, County and State property and income taxes.
3. Once initiated, the Fee Waivers shall run, in accordance with schedule set forth above, for the entire term of the Program unless the owner of the property becomes delinquent in paying the above described taxes or fails to meet the eligibility requirements or general conditions of the Program.

### **Requirements for Application for Program Waiver**

1. Interested Applicants must meet with DID staff to review the Program and specifications for the Applicant's Project.

2. One copy of the completed Application shall be submitted in paper form to DID and an electronic copy shall also be emailed to [infdev@salisbury.md](mailto:infdev@salisbury.md).
3. Portions of an Applicant's Application may be kept confidential by completing a Nondisclosure Agreement upon request and providing specific reasons for the request. Notwithstanding any term to the contrary set forth herein, Applicants expressly acknowledge and agree that any Maryland Public Information Act requests may result in information marked "confidential" by the Applicant being disclosed by the City unless such information is prohibited from disclosure (or is permitted for non-disclosure) under Maryland's Public Information Act.
4. **IMPORTANT NOTE:** Applications for the Program must be received, reviewed and confirmed as complete by DID **PRIOR** to the issuance of a certificate of occupancy for the Project.
5. The Director of DID shall issue an official Notice of Pre-Approval in the form of a Letter of Intent to be signed by the Applicant. Included with the Letter of Intent shall be a preliminary summary of Fee Waivers for the Project and a proposed draft Program Agreement for the Project. If the Project involves mixed-use or commercial components, the Director of DID shall also include the prorated total of all charges and fees that are eligible to be offset through Program Fee Waivers; the Director of DID shall determine this prorated Fee Waivers total based upon the proportion of the Project's EDUs that are residential EDUs. If the Project is located outside of the City limits, the Letter of Intent and draft Program Agreement shall also include an Annexation Petition. Applicants must sign and submit the Program Agreement, and any an Annexation Petition, within thirty (30) days of receipt of these documents.
6. Once the Letter of Intent has been signed, the Application and recommendation shall be forwarded to the Mayor for the Mayor's pre-approval.
7. DID staff shall finalize the Program Agreement for the Project, which must be executed by the Applicant within fifteen (15) days of the Applicant's receipt thereof. After the Applicant has fully executed the Program Agreement and, if applicable, Annexation Petition, the agreement(s) shall be presented to the Mayor for the Mayor's final approval.
8. Applicants shall agree to adhere to the timeline and development benchmarks included in the Application, in the Program Agreement, and (if applicable) any Land Disposition Agreements/Contracts approved by the City.
9. The Program Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, personal representatives, successors and permitted assigns. Applicant may assign the Program Agreement and all rights thereunder to any successor(s)-in-interest of Applicant with respect to its ownership of, or any of its rights in and to, the Project or any part or portion thereof. In the event of such an assignment, and/or transfer of the Property, the new owner or interest holder shall enter into a modified agreement with the City, affirming the benefits and obligations of the original Program Agreement.



## **Exhibit 1**

Eligible Projects may qualify for full or partial waivers of the following fees:

Comprehensive Connection Charges, subject to the exclusion below  
Building Plan Review Fees  
Building Permit Fees  
Demo- Residential (Building Fee)  
Gas (Building Fee)  
Mechanical (Building Fee)  
Plumbing (Building Fee)  
Annexation Fees, to include Annexation – Development Assessment Fees  
Water and Sewer Connection Fee  
Development Plan Review Fee  
Subdivision Review Fee  
Resubdivision Review Fee  
Critical Area Fees (Certificate of Compliance)  
Infrastructure Reimbursement Administrative Fee  
Water Meter Setting Fee  
Fire Prevention Fees, to include Basic Fees, Expedited Fees, After Hours Inspection Fees  
Fire Permit Fees, to include Fire Alarm & Detection Systems and Sprinkler, Water Spray and  
Combined Sprinkler & Standpipe Systems

The following fees shall not be waived:

Critical Area Program Fees (Fee-in-Lieu)  
Water and Sewer Infrastructure Reimbursement Fee  
Water Meter/Tap Fee and Sewer Connection Fee  
Any necessary Reinspection Fees

**City of Salisbury  
Program Application**

**General Information**

Application Date: \_\_\_\_\_

Legal Name of Business:

\_\_\_\_\_

Address of Property:

\_\_\_\_\_

Legal Description of Property:

\_\_\_\_\_

Name of Business Owner:

\_\_\_\_\_

Address of Business Owner:

\_\_\_\_\_

Business Owner Telephone #: \_\_\_\_\_

Business Owner E-mail address: \_\_\_\_\_

Name of Property Owner:

\_\_\_\_\_

Address of Property Owner:

\_\_\_\_\_

Property Owner Telephone #: \_\_\_\_\_

Property Owner E-mail address: \_\_\_\_\_

**Equivalent Dwelling Units (EDUs)**

Total Number of EDUs required

Number of Residential EDUs required

Number of Commercial EDUs required

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Percentage of EDUs that are Residential EDUs

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**Project Narrative**

1) General description of the proposed project:

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2) How does this project align with the Program goals?

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3) Use Mix: Type of Use / Percentages:

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4) Property ownership structure:

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5) Do you intend to “Phase” the project? If so, please provide phasing details.

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6) Description of on- or off-site or associated additional projects, if applicable.

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7) Description of public or tenant accessible amenities, if applicable.

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Check any other incentives / programs that have been applied for.

- ☐ Enterprise Zone
- ☐ Rise Zone
- ☐ Comprehensive Connection Charge Waivers
- ☐ Revolving Loan Program
- ☐ Community Legacy Grant
- ☐ SD/SGIF Grant
- ☐ Other City/County/State/Federal Grant
- ☐ Other Tax incentives
- ☐ Energy use incentives
- ☐ Other Public investment

I, the Applicant, have read and understand the Program guidelines, and I agree to abide by the general conditions as set forth in this Application. I further understand that if I am awarded Fee Waivers, I shall be required to enter into a Program Agreement and, if applicable, an Annexation Petition with the City of Salisbury.

Signature of Project Owner: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Property Owner (if different from Project Owner):

Signature of Property Owner: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_



**To:** All Council Members  
**From:** Nathaniel Sansom, Special Assistant to the Mayor  
**Subject:** Housing Expansion Incentive Program  
**Date:** November 4, 2021

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The enclosed ordinance and fee waiver program documents comprise a central pillar of Mayor Day's *Here is Home* comprehensive housing initiative announced on September 29<sup>th</sup>. This program offers residential developers a 90-day window from the date of final passage to enter into a Program Agreement that will incentivize residential construction by waiving fees outlined in "Exhibit 1" of the Program Application.

#### **Overview & Previous Actions Taken**

In February of 2017, the Council passed Resolution 2734, which created a moratorium on fees related to the construction of new single-family detached houses. This moratorium was later codified for platted infill lots. Now, the Administration desires to offer more robust incentives to spur residential construction in the near future by providing fee waivers listed in "Exhibit 1" of the Program Application. These waivers shall be administered in accordance with the terms and timeline established in the Program Agreement.

#### **Comprehensive Connection Charges**

Section 13.04.110 created an EDU Incentive Area to allow for EDU credits to be awarded, discounting the City's comprehensive connection charges. Ordinance 2611 amended the code to introduce section 13.04.120, which created the comprehensive connection charge waiver for projects in the Central Business Zoning District or Riverfront Redevelopment Zoning District. Recently, in September of 2020, Ordinance 2614 revised Sections of Title 13 to update the definition of comprehensive connection charges, in accordance with DID recommendations.

This program will extend similar Comprehensive Connection Charge benefits to eligible residential development projects, regardless of location within the City so long as they are enrolled in the Program and meet set forth in the construction timeline outlined in the Program Application and Program Agreement.

While the Program will provide fee waivers for most comprehensive connection charges, there shall be no fee waiver applied to Water and Sewer Infrastructure Reimbursement Fees, Water Meter/Tap Fees and Sewer Connection Fees.

#### **Permitting Fees**

Resolution 2734 established a moratorium on comprehensive connection charge fees, plan review, building permit, plumbing permit, and mechanical permit fees required by the Department of Infrastructure and Development (DID) for the construction of new single family detached dwelling units. This moratorium was later extended by Resolution 2911, before then becoming codified and narrowly tailored to apply to platted lots for infill development.



## MEMORANDUM

The Program will extend similar benefits, in the form of full and partial fee waivers, to eligible residential development projects, regardless of location within the City so long as such projects have an executed Program Agreement within ninety (90) days of final passage of the ordinance and abide by the timeline established in the Program Agreement.

The Following fees related to residential development shall be waived in accordance with the terms outlined in the Program Application: Building Plan Review Fees; Building Permit Fees; Demo- Residential (Building Fee); Gas (Building Fee); Mechanical (Building Fee); Plumbing (Building Fee); Development Plan Review Fee; Subdivision Review Fee; Resubdivision Review Fee; Critical Area Fees (Certificate of Compliance), Infrastructure Reimbursement Administrative Fee; Water Meter Setting Fee; Fire Prevention Fees, to include Basic Fees, Expedited Fees, After Hours Inspection Fees; and Fire Permit Fees, to include Fire Alarm & Detection Systems and Sprinkler, Water Spray and Combined Sprinkler & Standpipe Systems

### Annexation Fees

The City currently charges Annexation Fees ranging from \$2,000 (for the annexation of up to five acres) to \$50,000 (for the annexation of fifty or more acres). This Housing Expansion Incentive Program provides, annexation fee waivers to developers participating in the Program, who have signed an Annexation Petition. Development Assessment Fees shall also be waived.

### Fiscal Impact Estimate – typical fees for development (Provided by DID)

	Site Plan Review	Building Plan Review	Building	Plumbing	Gas	Fire	Mechanical	Capacity Fees	Subtotal per unit	TOTAL Fees	
Typical Single Family:		\$ 150.00	\$ 2,090.00	\$ 280.00	\$ 40.00	\$ 1,250.00	\$ 25.00	\$ 3,710.00	\$ 7,545.00		
<b>50 Unit Single Family Development:</b>	\$ 1,200.00									<b>\$ 378,450.00</b>	
Typical Apartment Building (24 units):		\$ 250.00	\$ 11,900.00	\$ 2,460.00	\$ 40.00	\$ 7,900.00	\$ 25.00	\$ 89,040.00	\$ 4,650.63		
<b>100 Unit Apartment Complex Development:</b>	\$ 1,200.00									<b>\$ 466,262.50</b>	

### Recommendation

The Administration requests your consideration and approval of the enclosed ordinance to establish a program to encourage the expansion of residential housing in the City of Salisbury by adding a new Chapter, 3.27, to Title 3 of the City Code.