

# DOWNTOWN HAGERSTOWN

# Economic Analysis and Implementation Plan

June 17, 2014 Presentation  
To Mayor and City Council



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# Status of Project

## To Date

- Market and Physical Analysis Summary Report – 100% Complete
- Public Input Workshop – 100% Complete
- Community Input through Interviews – 100% Complete
- Prioritization and Selection of Catalyst Projects – 100% Complete
- Detailed Analysis of Catalyst Projects – 100% Complete
- Review/Refine Catalyst Projects – 100% Complete
- Economic Analysis and Implementation Strategy – 99% Complete

## Current

- Final Presentation of Economic Analysis and Implementation Plan

# 8 Catalyst Project Candidates

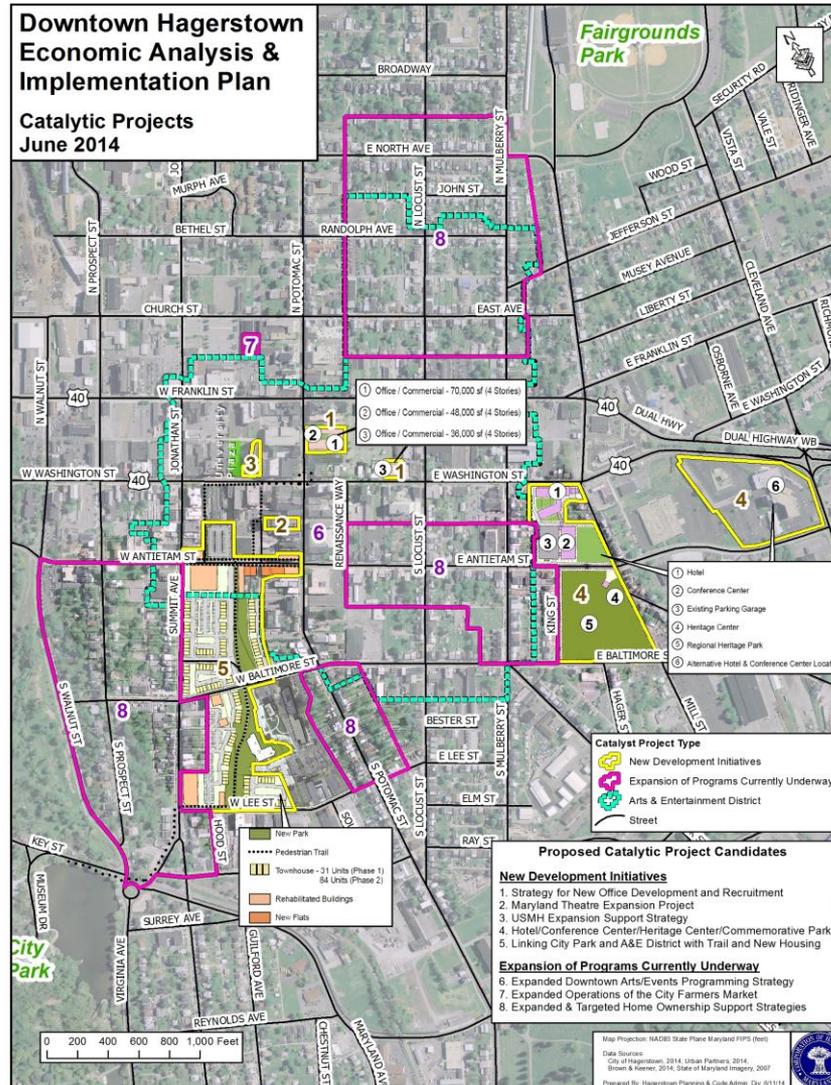
## New Development Initiatives

1. Strategy for Office Development & Recruitment
2. Maryland Theatre Expansion Project
3. USMH Expansion Support Strategy
4. Hotel/Conference Center & Heritage Center/Commemorative Park
5. Linking City Park and A&E District with Trail and New Housing

## Expansion of Projects Currently Underway

6. Expanded Downtown Arts/Events Programming Strategy
7. Expanded Operations of the City Farmers Market
8. Expanded & Targeted Home Ownership Support Strategies

# 8 Catalyst Project Candidates



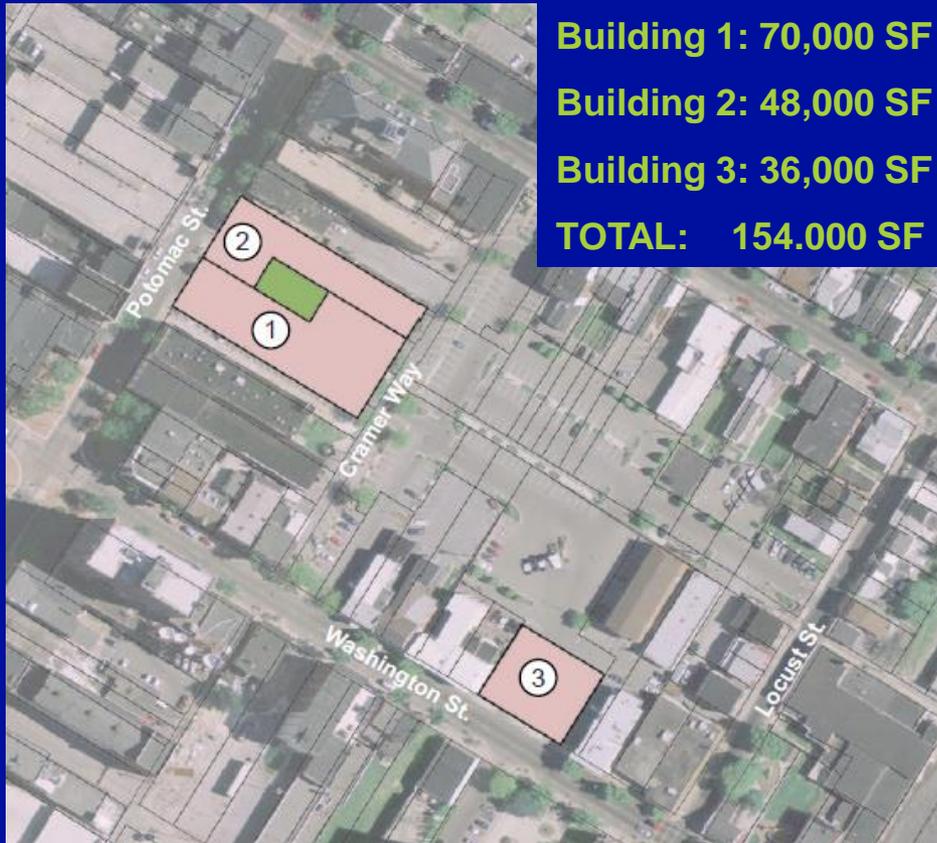
# New Development Initiatives

## 1. Strategy for New Office Development and Recruitment

- Limited Availability of Class A Properties with Footprint >6,000sf and Total Building Size >30,000sf
- Loss of Office Users to New Buildings outside City Center
- Site Specific Partnership with a Developer offering a City Center Built-to-Suit Option (Central Lot/Building Rehab)
- Process that Allows City Center to be Positioned Competitively

# New Development Initiatives

## 1. Strategy for New Office Development and Recruitment



Buildings 1 and 2 – Potomac Street



# New Development Initiatives

## 1. Strategy for New Office Development and Recruitment

### Preliminary Implementation Tasks

- Prepare RFQ and select developer-partner
- Developer-partner undertakes marketing
- Recruit users for first building; finance, construct, tenant
- Identify funding mechanism for additional parking garage
- Recruit users for second building; finance, construct, tenant
- Construct 500-car garage
- Recruit users for third building; finance, construct, tenant

# New Development Initiatives

## 1. Strategy for New Office Development and Recruitment

### Economic/Development Assumptions

- Rents will be competitive with non-Downtown locations
- Parking provided through City off-street facilities
- Land and other cost factors will mitigate monthly parking costs
- Incentives will be available to reduce rent levels
- Pace of development – 3 buildings over 10 years

### Supportive Parking Requirements

- Current conditions: 350 surplus spaces available for use
- First 70,000 SF building: existing surplus sufficient
- Later: construction of new garage required @ \$13.1 million



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# New Development Initiatives

## 1. Strategy for New Office Development and Recruitment

### Economic Incentives

- First Third Program
- Enterprise Zone tax abatement – city and county
- Partners in Economic Progress
- County and State tax credits

Rent Rate Impact of Economic Incentives								
	Year 1	Years 2-5	Year 6	Year 7	Year 8	Year 9	Year 10	
City of Hagerstown First 3rd Program	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27
Enterprise Zone Real Estate Tax Abatement--City	\$1.07	\$1.07	\$0.94	\$0.80	\$0.67	\$0.54	\$0.40	
Enterprise Zone Real Estate Tax Abatement--County	\$0.98	\$0.98	\$0.86	\$0.74	\$0.61	\$0.49	\$0.37	
PEP Real Estate Tax Grant-Back--City	\$0.27	\$0.27						
State New Job Income Tax Credit for Tenants	\$4.00							
Washington County New Job Tax Credit	\$0.25	\$0.25	\$0.31					
<b>Total Impact Per Square Foot</b>	<b>\$6.60</b>	<b>\$2.60</b>	<b>\$2.07</b>	<b>\$1.81</b>	<b>\$1.55</b>	<b>\$1.30</b>	<b>\$1.04</b>	

# New Development Initiatives

## 1. Strategy for New Office Development and Recruitment

### Development Impacts

- 154,000 SF of new office space in 10 years

### Overall Development Program

- \$43.9 million total
- \$30.8 million in private investment
- \$13.1 million in public infrastructure for garage

#### Economic Impact Summary

#### Office Development & Recruitment

New Development		154,000 SF
Investment		\$30,800,000
Permanent Employment		600
Annual Tax Increment*		\$564,000
City Real Estate Tax	\$277,000	
County Real Estate Tax	\$253,000	
City Personal Property Tax	\$17,000	
County Personal Property Tax	\$17,000	

\*in 2014 Dollars; After Expiration of Incentives



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# New Development Initiatives

## 2. Maryland Theatre Expansion Project

- Maryland Theatre is major driver of Downtown activity with 150 dates per year
- Meet several near and mid-term capital improvements
- Strengthen organizational infrastructure to grow events by up to 50% over next 10 years
- Expand footprint to create more effective presence on S. Potomac Street
  - Improve audience reception, circulation
  - Provide additional space to host other performances

# New Development Initiatives

## 2. Maryland Theatre Expansion Project

### Preliminary Implementation Tasks

- Secure funding for/complete seat replacement
- Secure funding to expand outreach and booking for 3 years
- Increase activity by 25 shows in 3 years
- Design/fund/implement “rear of house” facility improvements
- Add 25 more shows in years 4 to 6
- Design/fund/implement entrance/expansion improvements
- Add another 25 shows in years 7 to 10

### Development Impacts

- 50% expansion in activity; grow from 150 to 225 shows in 10 years

# New Development Initiatives

## 2. Maryland Theatre Expansion Project

Economic Impact Summary	
Maryland Theatre Expansion Project	
New Development	14,000 SF
Investment In Renovations	\$2,500,000
Investment In Expansion	\$5,600,000
Increased Audience--Annual	60,000
Increased Economic Activity at Theatre--Annual	\$1,900,000
Increased Dining Expenditures	\$1,800,000
Increased Shopping Expenditures	\$600,000
Increased Real Estate Tax Base*	\$1,440,000
Increased Personal Property Tax Base*	\$500,000
Full-Time Equivalent Employment Growth	50
Annual Tax Increment	\$49,000
City Real Estate Tax	\$13,000
County Real Estate Tax	\$12,000
City Personal Property Tax	\$12,000
County Personal Property Tax	\$12,000

\*Due to Increased Dining and Shopping

### Overall Development Program

- \$8.25 million total
- \$8.1 million in capital improvements
- \$150,000 to support expanded marketing and org. infrastructure

# New Development Initiatives

## 3. USMH Expansion Support Strategy

- Planned Expansion of Enrollment from Current 500 to Possible 750
- Growth of Number of In-Residence Students
- Need for Classroom/Laboratory Space and Student Housing
- Strategy that Supports Private Market's Capture of Student Housing Potential
- Possible Conversion of Upper Floors to Student-Oriented Housing



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# New Development Initiatives

## 3. USMH Expansion Support Strategy

### Preliminary Implementation Tasks

- Provide technical support to USMH in leasing space
- Identify first student housing prototype
- Provide financing, technical support; engage USMH in facilitating first student housing renovation
- Finance, rehabilitate, tenant first building
- Identify second upper floor opportunity; finance, construct, tenant
- Identify third opportunity; finance, construct, tenant

# New Development Initiatives

## 3. USMH Expansion Support Strategy

### Economic/Development Assumptions

- Effort will support the rehab of upper floors of 3 buildings
- All units are 1,000 SF, 2 BR, 2 BA shared by two (or more) students
- Development will be undertaken by existing owners
- USMH will provide master lease for first two efforts; government or foundation will commit to support 50% of losses by USMH
- Financing package can be secured
- Units can be rented for \$780 (\$390 per student)

# New Development Initiatives

## 3. USMH Expansion Support Strategy

### Economic Analysis

- Vacant upper two floors; 2,000 SF per floor; four 1,000 SF units
- Total development costs: \$660,000
  - Hard costs: \$604,000
  - Soft costs: \$56,000
- Financing: bank loan, Community Legacy Grant, First Third Grant
- Annual master lease to owners: \$35,942
- Cost to USMH depends on occupancy scenario
  - Minimum (50% vacancy): \$8,611
  - Base (90% Long-term; 50% Summer): \$3,151
  - Maximum (4% vacancy): \$0



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# New Development Initiatives

## 3. USMH Expansion Support Strategy

### Development Impacts

- Expansion of employment at USMH by 10 FTE positions
- 12 new housing units with 24 residents

Economic Impact Summary		
USMH Expansion		
Vacant Space Rehabilitation		20,000 SF
Investment		\$2,500,000
Permanent Employment		10
New Housing Units		12
New Downtown Residents		24
Annual Tax Increment*		\$41,000
City Real Estate Tax	\$20,000	
County Real Estate Tax	\$19,000	
City Personal Property Tax	\$1,000	
County Personal Property Tax	\$1,000	

\*in 2014 Dollars; After Expiration of Incentives

### Overall Development Program

- \$2.5 million total
- \$2.0 in public-private investment in student housing



# New Development Initiatives

## 4. Hotel/Conference Center/Heritage Center/ Commemorative Park

- Growing Tourism Industry in Washington County and Increase in Room-Night Demand
- Opportunity for New Hotel Closely Tied to Parallel Development of a Room Night Generator (ex: Conference Center)
- Proposed to be Competitive in Quality or Exceeding with Current Best in Market – Upscale or Upper Upscale
- Possible Use for Former Hospital Site or Reuse Best Western Site
- New Attractive Gateway to Downtown; opportunity to highlight Civil War heritage at site



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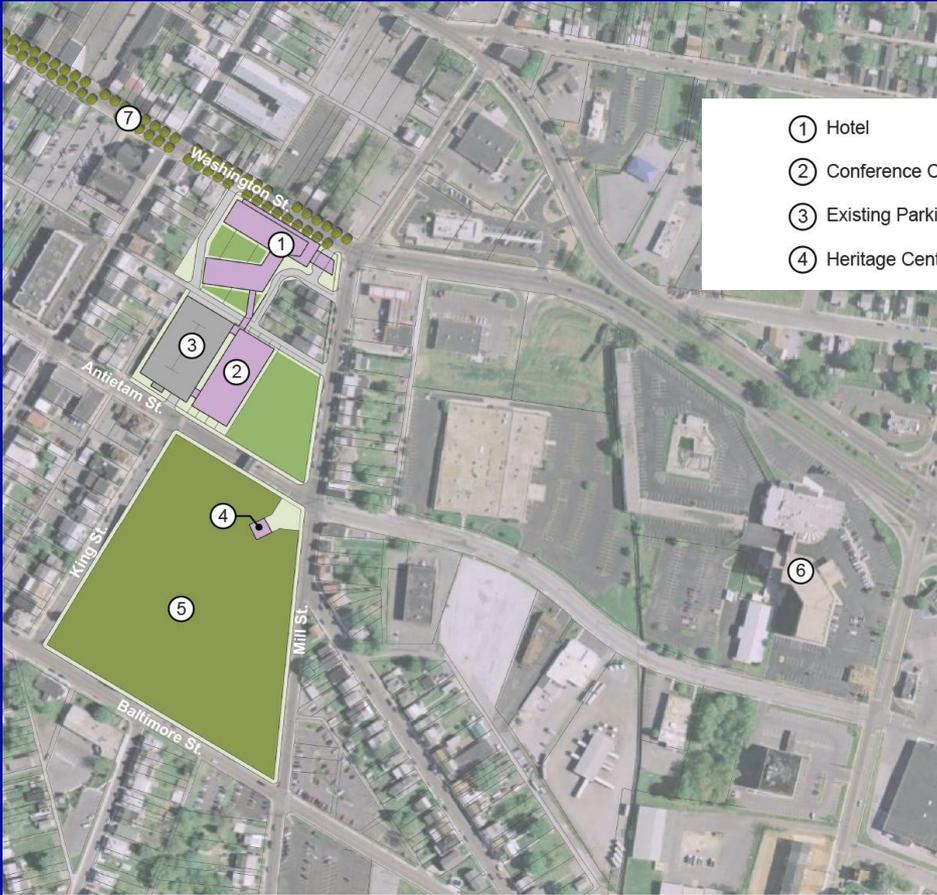
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# New Development Initiatives

## 4. Hotel/Conference Center/Heritage Center/ Commemorative Park



- ① Hotel
- ② Conference Center
- ③ Existing Parking Garage
- ④ Heritage Center
- ⑤ Regional Heritage Park
- ⑥ Alternative Hotel & Conference Center Location
- ⑦ New Streetscape



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# New Development Initiatives

## 4. Hotel/Conference Center/Heritage Center/ Commemorative Park

### Comparative Site Factors - Hotel

- Meritus Advantages: Garage; near Public Square restaurants; high priority NMTC tract; First Third max; Civil War heritage adjacency
- Meritus Disadvantages: Unknown subsurface and garage conditions
- Best Western Advantages: High Dual Highway visibility; large site can handle surface parking
- Best Western Disadvantages: Cost of compensating owner of operating business; demolition
- Conclusion: Site acquisition and preparation costs paramount; keep both sites in play for developer/operator
- If equal, public benefits greater at Meritus



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# New Development Initiatives

## 4. Hotel/Conference Center/Heritage Center/ Commemorative Park

### Preliminary Implementation Tasks - Hotel

- Seek developer/operator; issue RFQ; select developer/operator
- Select preferred site and negotiate purchase option
- Design hotel and conference center
- Identify and secure financing for conference center
- Complete contract for operation of conference center by hotel
- Complete financing for hotel and conference center
- Construct

# New Development Initiatives

## 4. Hotel/Conference Center/Heritage Center/ Commemorative Park

### Preliminary Implementation Tasks – Heritage Center

- Identify park/center operators
- Develop sustainable management and programming model
- Arrange land transfer from Meritus to City
- Design facilities
- Identify and secure capital funding
- Complete property transfer and construction

# New Development Initiatives

## 4. Hotel/Conference Center/Heritage Center/ Commemorative Park

### Economic/Development Assumptions - Hotel

- Acquisition/site work/parking costs for both sites are \$6 million
- 200-room “Upper Upscale” hotel and 20,000 SF conference center
- Hotel operator will operate conference center
- \$20 million NMTC allocation will be available for either site
- Conference center will be built with public/civic funding; operation will not be required to retire debt from operating income
- Average room rate in year 1 will be \$145, growing modestly

# New Development Initiatives

## 4. Hotel/Conference Center/Heritage Center/ Commemorative Park

### Economic/Development Assumptions – Heritage Center

- Development program includes heritage center, signage, trails, etc.
- Cost for acquisition and capital improvements: \$3.3 million
- Operations/staff support critical for success
- Staffing will be provided by civic organizations, USMH internships, and volunteers

# New Development Initiatives

## 4. Hotel/Conference Center/Heritage Center/ Commemorative Park

### Economic Analysis

- Total hotel development costs: \$34.4 million
  - Hard costs: \$29 million
  - Soft costs: \$5.4 million
- Total conference center development costs: \$6.15 million
  - Hard costs: \$5.3 million
  - Soft costs: \$850,000
- By Year 3, estimated revenue \$10.9 million vs. \$8.3 million expenses
- Financing: bank loan, First Third Grant, NMTC investment, private equity



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# New Development Initiatives

## 4. Hotel/Conference Center/Heritage Center/ Commemorative Park

### Development Impacts



#### Economic Impact Summary

#### Hotel/Conference Center/Heritage Center/Park

New Development		127,000 SF
Investment		\$43,800,000
Hotel/Conference Center Expenditures		\$10,900,000
Room Revenues		\$7,195,000
Increased Off-Site Dining Expenditures		\$2,100,000
Increased Off-Site Shopping Expenditures		\$700,000
Increased Real Estate Tax Base*		\$23,470,000
Increased Personal Property Tax Base*		\$2,030,000
Full-Time Equivalent Employment Growth		225
Annual Tax Increment**		\$934,000
Hotel/Motel Tax	\$432,000	
City Real Estate Tax	\$211,000	
County Real Estate Tax	\$193,000	
City Personal Property Tax	\$50,000	
County Personal Property Tax	\$48,000	

\*Including Off-Site Dining and Shopping

\*\* After Expiration of Incentives

### Overall Development Program

- \$43.8 million total
- \$34.4 in private investment in hotel



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# New Development Initiatives

## 5. Linking City Park and A&E District with Trail and New Housing

- Southwest City Center has Relatively Healthy Housing Market
- Opportunity to connect City Park with Arts & Entertainment District
- Targeted and Phased Housing Development
  - Quality Upper Floor Apartments
  - New Owner-Occupied Townhomes
- Pedestrian/Bike Trail Connection
- Multiple Locations for Phased New or Rehabilitated Housing
  - Dagmar Hotel
  - W. Antietam Historic Buildings
  - Publicly-Owned Property; followed by Privately-Owned Property



# New Development Initiatives

## 5. Linking City Park and A&E District with Trail and New Housing

### Preliminary Implementation Tasks

- Design trail improvements
- Secure trail rights'-of-way
- Acquire Dagmar Hotel property
- Demolish buildings on south side of Antietam incapable of rehab
- Complete trail improvements
- Support rehab of one loft building (~10 units)
- Identify developer for townhomes on public property
- Complete/market first package of townhomes (~8 units)
- Complete/market second package of townhomes

# New Development Initiatives

## 5. Linking City Park and A&E District with Trail and New Housing

### Preliminary Implementation Tasks

- Support rehab of second loft building (~15-20 units)
- Complete and market third package of townhomes
- Identify developer for Dagmar Hotel; begin rehab and marketing
- Complete and market final package of townhomes
- Support rehab of third loft building (~15-20 units)
- Complete redevelopment of Dagmar Hotel



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# New Development Initiatives

## 5. Linking City Park and A&E District with Trail and New Housing

### Economic/Development Assumptions

- Trail will be completed/maintained as public entity
- New townhomes: 3 BR units with garage priced \$150,000-\$175,000
- Dagmar will be acquired, vacated, and held until market improves
- Three other existing buildings may be rehabbed for apartments
- All rehabbed properties will be 1,000 SF 2Br/1-bath units
- All rehabbed properties will qualify for fed. and MD historic tax credits
- Financing package can be secured
- Rents assumed to be \$750/month for 1,000 SF unit
- Once rent levels appreciate, Dagmar will be marketed to private dev. as 40 market-rate loft apartments



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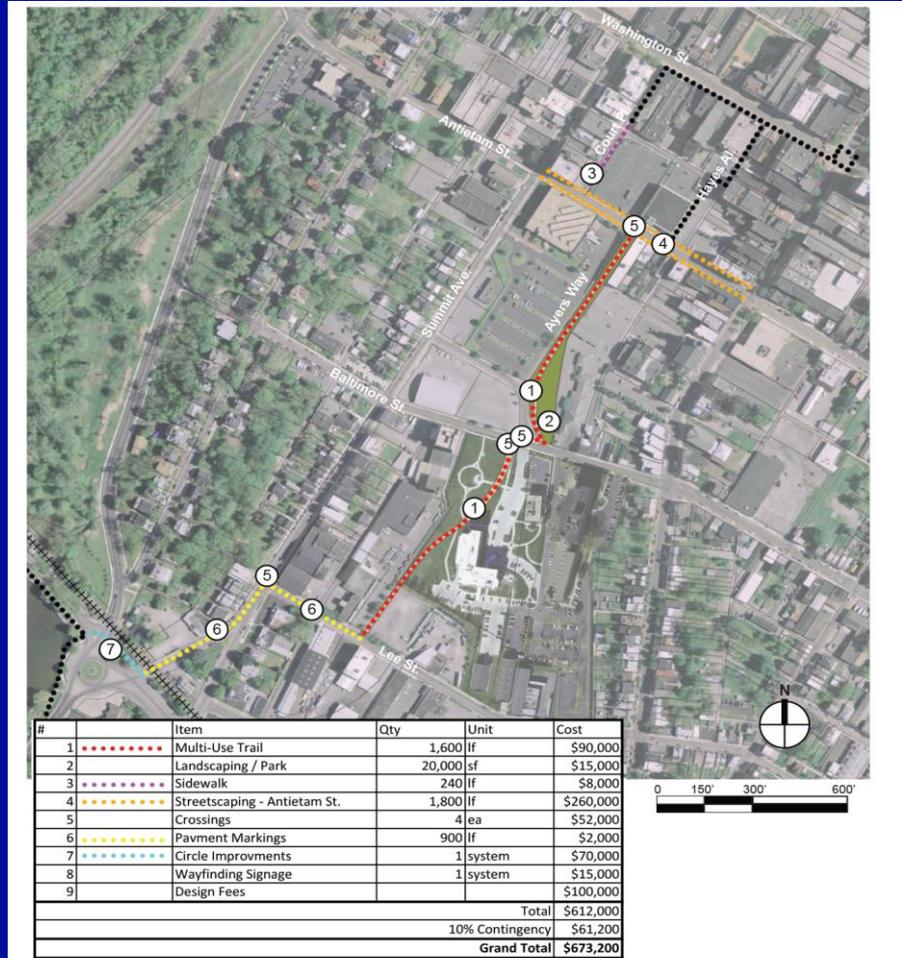
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# New Development Initiatives

## 5. Linking City Park and A&E District with Trail and New Housing

### Economic Analysis - Trail

- Total costs: \$700,000
  - Construction: \$512,000
  - Design: \$100,000
  - Contingency: \$61,200
  - Easements: \$26,800



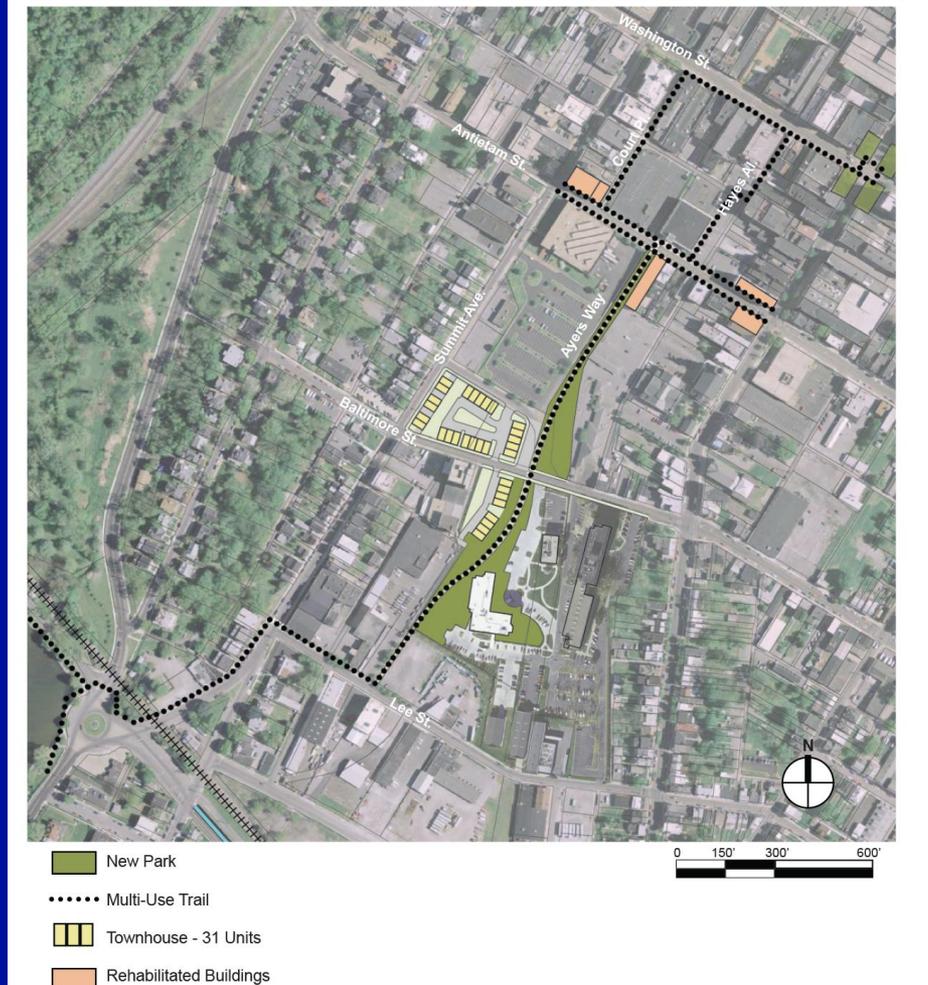
..... Existing Sidewalks

# New Development Initiatives

## 5. Linking City Park and A&E District with Trail and New Housing

### Economic Analysis – Townhomes

- First phase – 31 homes
- Public parcels offered jointly
- Construction/marketing costs covered through private sources and purchase price



# New Development Initiatives

## 5. Linking City Park and A&E District with Trail and New Housing



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# New Development Initiatives

## 5. Linking City Park and A&E District with Trail and New Housing

### Economic Analysis – West Antietam Loft Rehab

- Rehab of 11,000 SF gross area for 10 loft apartments
- Includes new HVAC, sprinkler, kitchens, bathrooms, appliances
- Total development costs: \$1.29 million
  - Hard costs: \$1.2 million
  - Soft costs: \$95,000
- Financing: bank loan, Community Legacy Grant, tax credits, dev. equity
- Annual gross rent: \$90,000;
- Net operating income: \$56,000 with 10% return



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# New Development Initiatives

## 5. Linking City Park and A&E District with Trail and New Housing

### Economic Analysis – Dagmar Hotel Loft Rehab

- Dagmar will be purchased and held until market improves by 20%
- Rehab of 48,500 SF total (40 apartments of 1,000 SF each)
- Includes new HVAC, sprinkler, kitchens, bathrooms, appliances
- Total development costs: \$7.275 million
  - Acquisition: \$1.325 million
  - Hard costs: \$5.54 million
  - Soft costs: \$410,000
- Financing: bank loan, purchase money mortgage, Community Legacy Grant, tax credits, developer equity
- Annual gross rent: \$432,000
- Net operating income: \$282,000 with 8.7% return



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# New Development Initiatives

## 5. Linking City Park and A&E District with Trail and New Housing

### Development Impacts

Economic Impact Summary		
Linking City Park & A & E District/Housing		
Loft Rehabilitation		98,000 SF
New Housing Construction		50,000 SF'
Investment		\$19,200,000
New Housing Units		116
New Downtown Residents		200
Annual Tax Increment*		\$186,000
City Real Estate Tax	\$97,000	
County Real Estate Tax	\$89,000	

\*in 2014 Dollars; After Expiration of Incentives

### Overall Development Program

- \$19.2 million total
- \$16.7 in private investment in new housing

# Expansions of Current Programs

## 6. Expanded Downtown Arts/Events Programming Strategy

- Increase Visitation, Foster a Positive Impression, and Support Demand for Market-Rate Housing
- Addition of More Regularly Programmed Activities (weekly/monthly) to Supplement Annual Events
- Ideas include Restaurant Promotions, Gallery Exhibitions, Movie Showings within Art Venues and Businesses as well as Outside
- Allows for Early Implementation and Supports Potential Success of Other Longer-Term Initiatives

# Expansions of Current Programs

## 6. Expanded Downtown Arts/Events Programming Strategy

### Preliminary Implementation Tasks

- Develop/distribute consolidated calendar of events
- Coordinate with expanded activity of Maryland Theatre
- Expand planning/executing events through Main Street program
- Identify target markets of underserved groups; develop events
- Execute priority expansion of events using current/new resources
- Seek out additional funding sources for new incremental events

# Expansions of Current Programs

## 7. Expanded Operations of the City Farmers Market

- Specialty Food Stores Capture 35% of Demand
- Gap in Supply could Support 15,000 – 20,000 SF of New Specialty Food Stores
- Expanded City Farmers Market could Provide the Basis for a Specialty Food District
- Expanded Hours from 7 hours to 35 Hours per Week
- Benefits: Support of Local Farmers; Services for Downtown Residents; Supply to Area Restaurants; Promotion of Healthier Eating



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# Expansions of Current Programs

## 7. Expanded Operations of the City Farmers Market

### Preliminary Implementation Tasks

- Develop new model for operating market 3 to 4 days, 35 hours/week
- Consider proposals from private managers to direct market
- Determine interest from tenants in expanding operations or not
- Develop space program for expanded operations
- Determine capital needs (equipment), how to acquire, and financing
- Assess market's visibility and access; make improvements as needed
- Develop rebranding/marketing campaign – “new” City Market

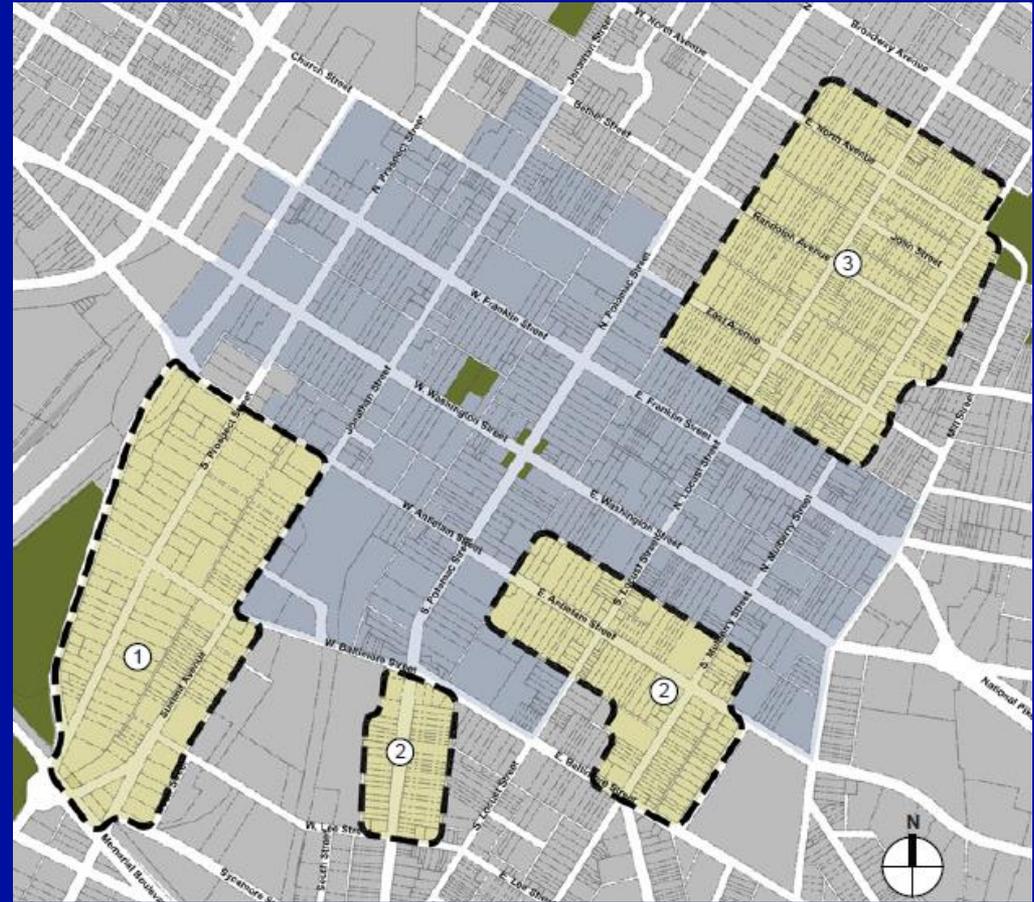
# Expansions of Current Programs

## 8. Expanded & Targeted Home Ownership Support Strategies

- Improve Blighted Housing and Increase Market-Rate Housing
- Concentrated Code Enforcement
- Incentives for Purchase and Rehabilitation for Owner Occupancy, including Contractor/Developer Participation
- Highly Targeted, Block-Specific Effort to Create Noticeable Impact
- Build Upon, Focus, and Supplement Current Efforts

# Expansions of Current Programs

## 8. Expanded & Targeted Home Ownership Support Strategies



- ① 100 and 200 blocks of S. Prospect and S. Summit
- ② 200 block of S. Potomac; the unit, 100, and 200 blocks of E. Antietam; the 100 block of S. Mulberry; and King
- ③ Area bounded by Cramer Alley, North, Mulberry, and East



# Expansions of Current Programs

## 8. Expanded & Targeted Home Ownership Support Strategies

### Key Elements of Initiative

- Market City's down payment assistance program in target areas
- Target Neighborhoods 1<sup>st</sup> supportive programs to these areas
- Target Neighborhoods 1<sup>st</sup> infrastructure improvements to tightly defined blocks: play equipment, traffic calming, lighting, trees
- Continue acquisition, rehab, resale program in targeted areas
- Establish rental licensing inspections on regular basis to avoid poorly-maintained properties
- Continue excessive nuisance enforcement programs

# Expansions of Current Programs

## 8. Expanded & Targeted Home Ownership Support Strategies

### Preliminary Implementation Tasks

- Continue/expand marketing of down payment assistance/ Neighborhoods 1<sup>st</sup> programs in targeted neighborhoods
- Establish annual rental licensing inspection fees to support staffing
- Continue excessive nuisance enforcement activities
- Provide modest funding to assure implementation of improvements
- Establish revolving fund to support acquisition of problem properties for rehab and resale

# Expansions of Current Programs

## 8. Expanded & Targeted Home Ownership Support Strategies

### Annual Objectives for Target Areas

- Acquiring, rehabbing, reselling 2 properties to home owners annually
- Attracting 3 new home owners annually with development assistance
- Conducting regular rental licensing inspections of all rental properties
- Completing 3 small entity enhancement improvements annually

# Summary Funding Requirements

<b>Catalytic Strategy Initiative</b>	<b>Total Investment</b>	<b>Private Capital</b>	<b>NMTC</b>	<b>Private/Corporate Philanthropy</b>	<b>City Infrastructure</b>	<b>City Programming</b>	<b>City Housing Programs</b>	<b>Maryland Community Legacy</b>	<b>First 3rd Program</b>	<b>County/State/Federal Funds</b>
New Office Development/Recruitment										
Office Development	\$30,800,000	\$30,050,000							\$750,000	
Parking Garage	\$13,100,000				\$13,100,000					
Maryland Theatre Expansion Project										
Seating Replacement	\$500,000			\$200,000						\$300,000
Expanded Marketing	\$150,000					\$150,000				
"Back of House" Renovations	\$2,000,000			\$800,000						\$1,200,000
New Facade/Office/Performance Expansion	\$5,600,000			\$2,200,000						\$3,400,000
USMH Expansion										
Academic/Office Expansion	\$500,000									\$500,000
Student Housing	\$1,980,000	\$870,000						\$450,000	\$660,000	
Hotel/Conference Center/Heritage										
Hotel	\$34,370,000	\$30,520,000	\$3,600,000						\$250,000	
Conference Center	\$6,150,000									\$6,150,000
Heritage Center/Park	\$3,300,000			\$1,000,000						\$2,300,000
Arts & Entertainment/City Park Trail & Housing										
Trail Improvements	\$700,000				\$600,000			\$100,000		
Phase 1 Townhomes (31)	\$5,425,000	\$5,425,000								
Dagmar Hotel Acquisition	\$1,325,000						\$1,325,000			
Dagmar Hotel Rehabilitation	\$5,950,000	\$5,800,000						\$150,000		
Other W. Antietam Rehabilitation	\$5,800,000	\$5,350,000						\$450,000		
Events Expansion	\$650,000			\$500,000		\$150,000				
Farmers' Market Expansion	\$200,000				\$200,000					
Target Housing Areas										
Homebuyer Support	\$2,400,000	\$2,100,000					\$300,000			
Acquisition, Rehab, Sale	\$2,200,000	\$1,400,000					\$200,000	\$600,000		
Supportive Programming	\$200,000					\$200,000				
Streetscape/Amenities Enhancements	\$1,500,000				\$1,500,000					
Supportive Enforcement										
<b>Total</b>	<b>\$124,800,000</b>	<b>\$81,515,000</b>	<b>\$3,600,000</b>	<b>\$4,700,000</b>	<b>\$15,400,000</b>	<b>\$500,000</b>	<b>\$1,825,000</b>	<b>\$1,750,000</b>	<b>\$1,660,000</b>	<b>\$13,850,000</b>



# Economic Impact Summary

<b>Economic Impact Summary</b>	
<b>All Eight Catalytic Initiatives</b>	
New & Rehabilitated Development	463,000 SF
Investment	\$124,800,000
Increased Audience--Annual	60,000
Full-Time Equivalent Employment Growth	875
New & Rehabilitated Housing Units	178
Annual Tax Increment--City & County	\$1,845,000



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# Implementation: Year 1

## Focus of Implementation Activities

- Recruit and select development partner for new office building
- Complete seating project at Maryland Theatre and expand marketing
- Begin undertaking first USMH housing development
- Secure easements and complete design of trail; acquire Dagmar Hotel
- Begin expanding Downtown event programming
- Begin converting City Farmers' Market to 35-hour per week schedule
- Continue/target full range of housing support activities in targeted home ownership areas – initiate acquisition, rehab, resale

# Implementation: Year 1

## Downtown Hagerstown Catalytic Strategy Initiatives Summary Year 1 Funding Requirements

<u>Catalytic Strategy Initiative</u>	<u>Total Investment</u>	<u>Private Capital</u>	<u>NMTC</u>	<u>Private/Corporate Philanthropy</u>	<u>City Infrastructure</u>	<u>City Programming</u>	<u>City Housing Programs</u>	<u>Maryland Community Legacy</u>	<u>First 3rd Program</u>	<u>County/State/Federal Funds</u>
New Office Development/Recruitment Office Development	Staff Only									
Maryland Theatre Expansion Project										
Seating Replacement	\$500,000			\$200,000						\$300,000
Expanded Marketing	\$50,000					\$50,000				
USMH Expansion										
Academic/Office Expansion	\$500,000									\$500,000
Student Housing	\$660,000	\$290,000						\$150,000	\$220,000	
Arts & Entertainment/City Park Trail & Housing										
Trail Improvements	\$125,000				\$25,000			\$100,000		
Dagmar Hotel Acquisition	\$1,325,000						\$1,325,000			
Events Expansion	\$65,000			\$50,000		\$15,000				
Farmers' Market Expansion	\$100,000				\$100,000					
Target Housing Areas										
Homebuyer Support	\$240,000	\$210,000					\$30,000			
Acquisition, Rehab, Sale	\$220,000	\$140,000					\$20,000	\$60,000		
Supportive Programming	\$20,000					\$20,000				
Streetscape/Amenities Enhancements	\$50,000				\$50,000					
Supportive Enforcement										
<b>Total</b>	<b>\$3,855,000</b>	<b>\$640,000</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$175,000</b>	<b>\$85,000</b>	<b>\$1,375,000</b>	<b>\$310,000</b>	<b>\$220,000</b>	<b>\$800,000</b>

# Implementation: Year 2

## Focus of Implementation Activities

- Initiate aggressive marketing for new office building
- Continue expanding marketing at the Maryland Theatre
- Recruit hotel developer; begin site control and design; determine if sustainable operational model for Heritage Center/Park is possible
- Begin trail construction; begin rehabbing a loft building on W. Antietam; select developer for new townhomes
- Continue expanding Downtown event programming
- Complete conversion of farmers' market to 35-hour per week schedule
- Continue full range of housing support activities in targeted home ownership areas – initiate acquisition, rehab, resale

# Implementation: Year 2

## Downtown Hagerstown Catalytic Strategy Initiatives Summary Year 2 Funding Requirements

<u>Catalytic Strategy Initiative</u>	<u>Total Investment</u>	<u>Private Capital</u>	<u>NMTC</u>	<u>Private/Corporate Philanthropy</u>	<u>City Infrastructure</u>	<u>City Programming</u>	<u>City Housing Programs</u>	<u>Maryland Community Legacy</u>	<u>First 3rd Program</u>	<u>County/State/Federal Funds</u>
New Office Development/Recruitment Office Development	Staff Only									
Maryland Theatre Expansion Project Expanded Marketing	\$50,000					\$50,000				
Hotel/Conference Center/Heritage Hotel	\$500,000	\$500,000								
Conference Center	\$150,000									\$150,000
Heritage Center/Park	Staff Only									
Arts & Entertainment/City Park Trail & Housing Trail Improvements	\$575,000				\$575,000					
Other W. Antietam Rehabilitation	\$1,290,000	\$1,140,000						\$150,000		
Events Expansion	\$65,000			\$50,000		\$15,000				
Farmers' Market Expansion	\$100,000				\$100,000					
Target Housing Areas Homebuyer Support	\$240,000	\$210,000					\$30,000			
Acquisition, Rehab, Sale	\$220,000	\$140,000					\$20,000	\$60,000		
Supportive Programming	\$20,000					\$20,000				
Streetscape/Amenities Enhancements	\$50,000				\$50,000					
Supportive Enforcement										
<b>Total</b>	<b>\$3,260,000</b>	<b>\$1,990,000</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$725,000</b>	<b>\$85,000</b>	<b>\$50,000</b>	<b>\$210,000</b>	<b>\$0</b>	<b>\$150,000</b>

# Implementation: Year 3

## Focus of Implementation Activities

- Construct and occupy new 70,000 SF office building
- Continue expanding marketing at the Maryland Theatre
- Complete second USMH student housing development
- Secure funding, begin construction of hotel/conference center complex
- Construct and market first package of new townhomes along trail
- Continue expanding Downtown event programming
- Continue full range of housing support activities in targeted home ownership areas – initiate acquisition, rehab, resale



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# Implementation: Year 3

## Downtown Hagerstown Catalytic Strategy Initiatives Summary Year 3 Funding Requirements

<u>Catalytic Strategy Initiative</u>	<u>Total Investment</u>	<u>Private Capital</u>	<u>NMTC</u>	<u>Private/Corporate Philanthropy</u>	<u>City Infrastructure</u>	<u>City Programming</u>	<u>City Housing Programs</u>	<u>Maryland Community Legacy</u>	<u>First 3rd Program</u>	<u>County/State/Federal Funds</u>
New Office Development/Recruitment Office Development	\$14,000,000	\$13,750,000							\$250,000	
Maryland Theatre Expansion Project										
Expanded Marketing	\$50,000					\$50,000				
"Back of House" Renovations	\$500,000			\$200,000						\$300,000
USMH Expansion										
Student Housing	\$660,000	\$290,000						\$150,000	\$220,000	
Hotel/Conference Center/Heritage										
Hotel	\$7,700,000	\$7,700,000								
Conference Center	\$1,800,000									\$1,800,000
Heritage Center/Park										
Arts & Entertainment/City Park Trail & Housing										
Phase 1 Townhomes (8)	\$1,400,000	\$1,400,000								
Dagmar Hotel Rehabilitation										
Events Expansion	\$65,000			\$50,000		\$15,000				
Target Housing Areas										
Homebuyer Support	\$240,000	\$210,000					\$30,000			
Acquisition, Rehab, Sale	\$220,000	\$140,000					\$20,000	\$60,000		
Supportive Programming	\$20,000					\$20,000				
Streetscape/Amenities Enhancements	\$150,000				\$150,000					
Supportive Enforcement										
<b>Total</b>	<b>\$26,805,000</b>	<b>\$23,490,000</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$150,000</b>	<b>\$85,000</b>	<b>\$50,000</b>	<b>\$210,000</b>	<b>\$470,000</b>	<b>\$2,100,000</b>

# Implementation: Years 4-5

## Focus of Implementation Activities

- Complete “back of house” improvements to Maryland Theatre; finalize plans for theatre expansion and begin fundraising
- Complete third USMH student housing development
- Complete construction of hotel/conference center complex; resolve sustainability question of Heritage Center/Park; invest in facility
- Continue developing and marketing new townhomes along trail
- Continue expanding Downtown event programming
- Continue full range of housing support activities in targeted home ownership areas – initiate acquisition, rehab, resale

# Implementation: Years 4-5

## Downtown Hagerstown Catalytic Strategy Initiatives Summary Years 4-5 Funding Requirements

<u>Catalytic Strategy Initiative</u>	<u>Total Investment</u>	<u>Private Capital</u>	<u>NMTC</u>	<u>Private/Corporate Philanthropy</u>	<u>City Infrastructure</u>	<u>City Programming</u>	<u>City Housing Programs</u>	<u>Maryland Community Legacy</u>	<u>First 3rd Program</u>	<u>County/State/Federal Funds</u>
New Office Development/Recruitment Office Development	Staff Only									
Maryland Theatre Expansion Project "Back of House" Renovations	\$1,500,000			\$600,000						\$900,000
USMH Expansion Student Housing	\$660,000	\$290,000						\$150,000	\$220,000	
Hotel/Conference Center/Heritage Hotel	\$26,170,000	\$22,320,000	\$3,600,000						\$250,000	
Conference Center	\$4,200,000									\$4,200,000
Heritage Center/Park	\$3,300,000			\$1,000,000						\$2,300,000
Arts & Entertainment/City Park Trail & Housing Phase 1 Townhomes (7)	\$1,225,000	\$1,225,000								
Events Expansion	\$130,000			\$100,000		\$30,000				
Target Housing Areas Homebuyer Support	\$480,000	\$420,000					\$60,000			
Acquisition, Rehab, Sale	\$440,000	\$280,000					\$40,000	\$120,000		
Supportive Programming	\$40,000					\$40,000				
Streetscape/Amenities Enhancements	\$500,000				\$500,000					
Supportive Enforcement										
<b>Total</b>	<b>\$38,645,000</b>	<b>\$24,535,000</b>	<b>\$3,600,000</b>	<b>\$1,700,000</b>	<b>\$500,000</b>	<b>\$70,000</b>	<b>\$100,000</b>	<b>\$270,000</b>	<b>\$470,000</b>	<b>\$7,400,000</b>

# Implementation: Years 6-7

## Focus of Implementation Activities

- Identify second office development opportunity; construct new garage; construct second office building
- Construct new façade and expansion of the Maryland Theatre
- Develop second W. Antietam loft rehabilitation
- Continue expanding Downtown event programming
- Continue full range of housing support activities in targeted home ownership areas – initiate acquisition, rehab, resale

# Implementation: Years 6-7

## Downtown Hagerstown Catalytic Strategy Initiatives Summary Funding Years 6-7 Requirements

<u>Catalytic Strategy Initiative</u>	<u>Total Investment</u>	<u>Private Capital</u>	<u>NMTC</u>	<u>Private/Corporate Philanthropy</u>	<u>City Infrastructure</u>	<u>City Programming</u>	<u>City Housing Programs</u>	<u>Maryland Community Legacy</u>	<u>First 3rd Program</u>	<u>County/State/Federal Funds</u>
New Office Development/Recruitment										
Office Development	\$9,600,000	\$9,350,000							\$250,000	
Parking Garage	\$13,100,000				\$13,100,000					
Maryland Theatre Expansion Project										
New Facade/Office/Performance Expansion	\$5,600,000			\$2,200,000						\$3,400,000
Arts & Entertainment/City Park Trail & Housing										
Phase 1 Townhomes (8)	\$1,400,000	\$1,400,000								
Other W. Antietam Rehabilitation	\$2,200,000	\$2,050,000						\$150,000		
Events Expansion	\$130,000			\$100,000		\$30,000				
Target Housing Areas										
Homebuyer Support	\$480,000	\$420,000					\$60,000			
Acquisition, Rehab, Sale	\$440,000	\$280,000					\$40,000	\$120,000		
Supportive Programming	\$40,000					\$40,000				
Streetscape/Amenities Enhancements	\$300,000				\$300,000					
Supportive Enforcement										
<b>Total</b>	<b>\$33,290,000</b>	<b>\$13,500,000</b>	<b>\$0</b>	<b>\$2,300,000</b>	<b>\$13,400,000</b>	<b>\$70,000</b>	<b>\$100,000</b>	<b>\$270,000</b>	<b>\$250,000</b>	<b>\$3,400,000</b>

# Implementation: Years 8-10

## Focus of Implementation Activities

- Construct third office building
- Complete first phase of 31 new townhomes; develop third W. Antietam loft; begin rehabbing Dagmar Hotel for market-rate loft apartments
- Continue expanding Downtown event programming
- Continue full range of housing support activities in targeted home ownership areas – initiate acquisition, rehab, resale

# Implementation: Years 8-10

## Downtown Hagerstown Catalytic Strategy Initiatives Summary Funding Years 8-10 Requirements

<u>Catalytic Strategy Initiative</u>	<u>Total Investment</u>	<u>Private Capital</u>	<u>NMTC</u>	<u>Private/Corporate Philanthropy</u>	<u>City Infrastructure</u>	<u>City Programming</u>	<u>City Housing Programs</u>	<u>Maryland Community Legacy</u>	<u>First 3rd Program</u>	<u>County/State/Federal Funds</u>
New Office Development/Recruitment Office Development	\$7,200,000	\$6,950,000							\$250,000	
Arts & Entertainment/City Park Trail & Housing Phase 1 Townhomes (8)	\$1,400,000	\$1,400,000								
Dagmar Hotel Rehabilitation	\$5,950,000	\$5,800,000						\$150,000		
Other W. Antietam Rehabilitation	\$2,310,000	\$2,160,000						\$150,000		
Events Expansion	\$195,000			\$150,000		\$45,000				
Target Housing Areas Homebuyer Support	\$720,000	\$630,000					\$90,000			
Acquisition, Rehab, Sale	\$660,000	\$420,000					\$60,000	\$180,000		
Supportive Programming	\$60,000					\$60,000				
Streetscape/Amenities Enhancements	\$450,000				\$450,000					
Supportive Enforcement										
<b>Total</b>	<b>\$18,945,000</b>	<b>\$17,360,000</b>	<b>\$0</b>	<b>\$150,000</b>	<b>\$450,000</b>	<b>\$105,000</b>	<b>\$150,000</b>	<b>\$480,000</b>	<b>\$250,000</b>	<b>\$0</b>

# Questions?



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