



Community & Economic Development

Advancing the Economy, Image and Quality of Life



PARTNERS IN ECONOMIC PROGRESS

The Partners in Economic Progress (PEP) Program offers incentives to building owners to renovate buildings within the PEP Zone in City Center (see map). If you are a **PROPERTY OWNER with plans to renovate your building**, please review **SECTION 1** of the following guidelines and complete the [Application Form 1](#).

After a building is renovated, the City provides the property owner with rent assistance as one of the PEP Incentives. This allows the property owner to attract businesses to the renovated building. Currently, rent assistance is only available for the following PEP approved buildings, and this incentive is subject to application by the tenant business and approval by the City:

- 38 South Potomac St. – Contact: Jeff Tedrick jtedrick@dmbowman.com
- 34-36 South Potomac St. – Contact: Jeff Tedrick jtedrick@dmbowman.com
- 22 North Mulberry St (Mulberry Lofts) – Contact: Aaron Peteranecz aaron@designmethodgroup.com
- 138-140 West Washington St (Wareham Building) – Contact: Taylor Bowen tbowen@prudentialbowen.com
- 20 West Washington Street (The Grand Building) – Contact: Michael Fitzgerald mike@gideonprop.com

If you are a **BUSINESS with plans to lease space in a PEP approved building**, please review **SECTION 2** of the following guidelines and complete the [Application Form 2](#).

SECTION 1

Partners in Economic Progress: Property Renovation Incentives

GOAL

The goal of Hagerstown's Partnership in Economic Progress Incentive Program (PEP) is to spark private sector investment that contributes towards the revitalization of our downtown.

APPLICATION REVIEW

All applications will be reviewed and evaluated by a committee of City staff that will include the Finance Director, the Planning Director, the Downtown Manager, the Community Development Manager, and the Code Inspection Manager. All applications will be evaluated for consistency with the eligibility criteria.

ELIGIBILITY CRITERIA

1. The project must be located in the PEP zone. On rare occasions, projects may be approved outside the PEP zone. However, such projects must involve quality renovation work and quality tenants which will have the sustained impact on the community that the City is seeking.
2. The minimum investment for upgrade and improvement of the building by the applicant is as follows. The calculation of the minimum investment does not include property acquisition costs.
 - \$250,000 for a Commercial Project
 - \$200,000 for a Mixed-Use Project
 - \$100,000 for a Residential Project
3. Projects that meet the eligibility requirements of the Enterprise Zone Program are required to participate in the [Enterprise Zone Program](#). The Enterprise Zone Program is administered by the Hagerstown-Washington County Economic Development Commission (EDC). Point of Contact is: Robert Mandley, 240-313-2280 Email: rmandley@hagerstownedc.org.
4. The building and all core systems must meet all City of Hagerstown code requirements upon project completion. The core systems include:
 - A. Base lighting, emergency and exit lighting for each shell tenant space in accordance with the Building and Life Safety Codes.
 - B. Central HVAC providing adequate heat, ventilation, and air conditioning for each shell tenant space in accordance with the Mechanical Code. Any modifications or additions made at tenant fit-out must be done under a separate mechanical permit.
 - C. Required fire separation between the tenant space and corridors and exit access in accordance with the Building Code. If building plans show individual tenant spaces at start of project, required fire separation between tenant spaces must be complete prior to time each space is presented to tenant for finishing/fit out.
 - D. Accessible routes, accessible parking (if required), accessible toilet facilities, accessible drinking fountains, accessible entrances and exits are all required items for the building shell in accordance with the Maryland Accessibility Code and the Building Code.
 - E. Phone/datacom wiring from the main point of service to each shell tenant space.
 - F. Completed building thermal envelope in accordance with the Energy Conservation Code.
 - G. Address identification for the building.
 - H. Automatic sprinkler protection in accordance with the Existing Building Code.

The expectation of the PEP program is that the building is ready for occupation and leasehold spaces are at least in shell condition, needing only tenant fit-out, when offered for lease to prospective tenants.

SECTION 1 - ELIGIBILITY CRITERIA *continued*

5. For a residential project, the following amenities must be included in each residential unit:
 - Central HVAC system.
 - Washer and dryer.
 - Dishwasher.
 - Wood veneer or solid wood kitchen and bathroom cabinets.
 - Approved solid surface counter tops in kitchen and bathrooms.
 - Refinished or new hardwood floors or wall-to-wall carpeting in areas other than kitchen and bathrooms.

Where possible, outdoor amenities should be provided for tenants (e.g., balconies, roof top decks, back porches, sunrooms, etc.).

6. For a residential project, any new residential units created must meet the following minimum square footages requirements:
 - 500 Sq Ft for an efficiency unit.
 - 650 Sq Ft for a one-bedroom unit.
 - 800 Sq Ft for a two-bedroom unit
 - 1,000 Sq Ft for a three-bedroom unit.

7. For residential projects, application must include detailed marketing plan from realtor that demonstrates how the applicant plans to attract market rate tenants to the project.

8. For a project with Artist Live-Work Spaces, the following minimum amenities must be included in each live-work unit:
 - Central HVAC system.
 - Washer and dryer hook-ups and dishwasher connections.
 - Ability to vent odors to the outdoors in accordance with the Mechanical Code.
 - Plumbed to allow for easy installation of slop sinks.
 - Utility capacity to meet needs of different art forms, including electric, gas, water and wastewater.
 - Fully wired for new technologies.
 - Fully sprinklered.
 - Sound transmission rating between units of a minimum STC 60 for partition walls.

Where possible, outdoor amenities should be provided for tenants (e.g., balconies, roof top decks, back porches, sunrooms, etc.).

9. For a project with Artist Live-Work Spaces, any live-work unit created must meet the following minimum square footage requirements:
 - 1,000 sq.ft. for an efficiency unit.
 - 1,300 sq.ft. for a one-bedroom unit.
 - 1,600 sq.ft. for a two-bedroom unit.
 - 2,000 sq.ft. for a three-bedroom unit.

SECTION 1 - ELIGIBILITY CRITERIA *continued*

10. In mixed-use and commercial buildings, the ground floor storefront spaces shall be used for retail, restaurants, branch banks, personal service businesses (e.g., hair salons), arts and entertainment enterprises, educational facilities, and other similar high intensity uses that attract pedestrian traffic which will support other downtown businesses and contribute to the vitality of the downtown. An office use may be located in a storefront space if the business owner is an owner-occupant of a residential unit on an upper floor of the same building. All other professional and non-profit office tenants shall not be located in storefront spaces. If the building has a common entrance for all tenants without display windows for tenants, offices may locate throughout the first floor.
11. The applicant is not delinquent on any City or County taxes for the property nor shall the applicant be delinquent on any other financial obligations to the City for the property.
12. Projects which have already been renovated are only eligible for the PEP program if the renovations activities were completed since January 1, 2007 and if the tenant spaces for which PEP incentives are sought do not yet have final Use and Occupancy permits.

INCENTIVES

1. **Economic Rehabilitation Incentive Grant Program**

This incentive provides an annual grant to the project equal to the amount paid in City property tax payments on the property, after reduction by all other tax incentive programs the property qualifies for such as the State Enterprise Zone, A&E or other City residential tax credit programs, for a period of five years. Projects that meet the eligibility requirements of the Enterprise Zone Program are required to participate in the [Enterprise Zone Program](#). This incentive is administered in the form of a grant versus a tax waiver or reduction. The property tax liability must be paid annually, in full, before the City of Hagerstown can issue the grant back amount.

2. **Utility Benefit/Allocation Charge Assistance**

The Utilities Department will offer two free EDUs per property, valued at \$13,800, if the existing water and wastewater allocation is not sufficient enough to accommodate the proposed needs of the property. Additionally, any EDUs that are required to meet the design needs of the building may be financed for a period of up to five years at 0% interest.

3. **A Development Fee Free Zone**

Building, plumbing, electrical, mechanical, plan review, occupancy, and zoning fees will be waived on approved development projects. The fee free zone does not apply to citation fines issued for non-compliance with code requirements or performing work without permits. Depending upon the circumstances involved, the fee free zone may not apply to fees assessed for permit renewals or re-inspection requests.

4. **A Fast Track Construction Program**

Projects shall receive a preferential timeframe for project review as follows:

- Site plans shall be submitted to the City of Hagerstown's Department of Community & Economic Development - Planning and Code Administration Division. Per the Zoning Administrator's schedule, the "turnaround" time is expedited. Historic District compliance review will also be expedited.

SECTION 1 - INCENTIVES *continued*

- Prior to building permit applications, a preliminary consultation is required with the designer and the City's building plan reviewer. Building permit applications may be submitted to the City of Hagerstown's Department of Community & Economic Development - Code Administration Division at the time of site plan submittal. The permit will be routed concurrently with the site plan. Permit comments or approval will be issued promptly. The City will assign a plan reviewer to the project to ensure prompt reviews.

NOTE: *There are several qualifiers to achieving these target times:*

- The plans submitted by the developer's engineer and architect must be complete and comply with code requirements. Failure to do this will greatly jeopardize any fast track process.
- It is assumed that the project accesses City streets. If the project accesses State Highway or Washington County roads, the City has no control over the time frame to achieve an access permit from these agencies.

5. Parking Program Fee Reductions

This incentive provides one year of free parking and four years with a 50% reduction in permit fees (for tenants of eligible projects) to park in City public parking facilities. This incentive would be limited to one per unit for residential projects and up to five for each non-residential project. Existing off-street parking is deducted from the eligible amount, and this benefit is not transferable.

6. Code Flexibility For Rehabilitation of Existing Buildings

All plans submitted for the renovation of existing buildings will be evaluated as required and permitted by the scope to the Maryland Building Rehabilitation Code (MBRC). Periodic training on the use of the Maryland Building Rehabilitation Code (MBRC) will be provided for design professionals.

The Maryland Building Performance Standards (MBPS) applies to new construction. The Maryland Building Rehabilitation Code (MBRC) applies to the renovation of existing buildings. Many code requirements for new construction are not applicable for projects involving the renovation of an existing building, thus providing some code flexibility.

Examples of potentially acceptable existing conditions include:

- Existing stairs not in compliance with new standards for treads and risers
- Narrow corridors
- Narrow door widths
- Non-fire-rated corridor walls
- Increased dead-end corridor length
- Acceptance of existing heating, air-conditioning, and ventilation, if operable

The Maryland Building Rehabilitation Code (MBRC) is the International Existing Building Code (IEBC) with amendments by the State of Maryland.

7. Professional Assistance with Historic Tax Credit Programs

The City will provide two hours of paid assistance by a local architectural historian to advise property owners/developers on the utilization of Federal and State income tax credits for historical rehabilitation projects. This professional can guide investors on what type of work is eligible for the tax credits. The architectural historian can then be hired by investors to prepare the application forms for the credits and to interact with the Maryland Historical Trust on review of the applications.

8. Rent Assistance Incentive

Please see [SECTION 2](#) of this packet for a full description of this incentive.

SECTION 1 – PEP Guidelines *continued*

Click here for the complete [PEP Application](#).

Complete the [Application Form 1 – Property Renovation](#) and return it to:

City of Hagerstown
Department of Community & Economic Development
14 N. Potomac, Suite 200A, Hagerstown, MD 21740
Phone: 301-739-8577 ext 111
Email: DCED@hagerstownmd.org

SECTION 2

Partners in Economic Progress: Rent Assistance Incentive

GOAL

The goal of Hagerstown's Partnership in Economic Progress Incentive Program (PEP) is to spark private sector investment that contributes towards the revitalization of our downtown. The purpose of the rent assistance incentive within the PEP Program is to attract businesses to the buildings participating in the PEP Program that will have a positive economic impact on the City Center. Examples of such impact are job creation in the City Center, creation of economic activity and foot traffic in the City Center, attracting additional businesses to the City Center, and/or contributing to the improvement of the vitality of existing businesses in the City Center.

APPLICATION REVIEW

All applications will be reviewed and evaluated by a committee of City staff that will include the Finance Director, the Planning Director, the Downtown Manager, the Community Development Manager, and the Code Inspection Manager. All applications will be evaluated for consistency with the eligibility criteria.

ELIGIBILITY CRITERIA

1. Tenant space must be fully renovated and upgraded as part of a building improvement project complying with the PEP eligibility criteria.
2. Currently, rent assistance is only available in the following PEP approved buildings and is subject to application by the tenant business and approval by the City:
 - 38 South Potomac St. – Contact: Jeff Tedrick jtedrick@dmbowman.com
 - 34-36 South Potomac St. – Contact: Jeff Tedrick jtedrick@dmbowman.com
 - 22 North Mulberry St (Mulberry Lofts) – Contact: Aaron Peteranecz aaron@designmethodgroup.com
 - 138-140 West Washington St (Wareham Building) – Contact: Taylor Bowen tbowen@prudentialbowen.com
 - 20 West Washington Street (The Grand Piano Building) – Contact: Michael Fitzgerald mike@gideonprop.com
3. Subject to zoning approval requirement in the Land Management Code, the following types of businesses are eligible for consideration for the Rent Assistance Program:
 - Business, professional, cultural, and medical offices
 - Professional schools
 - Educational services
 - Medical and diagnostic laboratories
 - Motion picture and sound recording industries
 - Photo finishing
 - Radio and television broadcasting
 - Telecommunications
 - Visual and performing arts studios and galleries
 - Light manufacturing
 - Artist live-work units
 - Fitness centers
4. Governmental agencies are not eligible for this program.
5. Businesses must occupy upper-floor office space or first-floor, non-storefront commercial spaces in

PEP approved buildings in the City Center. Non-storefront space is defined as a commercial building that has a common entrance for all interior tenants and does not have display windows for the interior space.

SECTION 2 - ELIGIBILITY CRITERIA *continued*

6. The business must maintain an arms-length, market rate lease with the landlord and operate its business at the tenant space for a minimum of four (4) years. If the business occupies the space for 0-24 months, they must repay 100% of the grant benefit. If the business occupies the space for 25-47 months, they shall repay a pro-rated share of the grant benefit as calculated by the City.
7. Businesses must be new or existing enterprises moving into the PEP zone that are not currently located in the zone, or existing businesses within the zone looking to expand. Existing businesses within the PEP zone looking for larger space within the zone may qualify for the program depending upon the demonstrated economic impact of their expansion.
8. Each application must include a business plan, a copy of the lease, and an explanation of the economic impact of the business on the downtown.
9. Applicants must not be delinquent on any financial obligations to the City.
10. Rent Assistance Incentives are limited to no more than one-third of all tenant spaces of a PEP approved building for tenants for which the Landlord or owner, or a principal or qualified relative of the Landlord or owner is employed, has a financial interest or is otherwise affiliated. Approval of Rent Assistance Incentives under these circumstances requires full disclosure of the relationship on the Application and compliance with all eligibility criteria enumerated herein.

INCENTIVE

The program provides a maximum total incentive of up to \$24,000 for the first two or three years of a business' operation, with a commitment to occupy the space for a minimum of four years. Incentive payments are made monthly to the landlord.

Tenants have two options for the distribution of the incentive:

Option 1 – (24 months)

50% of monthly rent for 24 months

Maximum monthly benefit is \$1,000

Option 2 – (36 months)

50% monthly rent for months 1-12

Maximum monthly benefit is \$1,000

35% monthly rent for months 13-24

Maximum monthly benefit is \$700

15% monthly rent for months 25-36

Maximum monthly benefit is \$300

APPLICATION

Click here for the complete [PEP Application](#).

Complete the [Application Form 2 – Rent Assistance Incentive](#) and return it to:

City of Hagerstown

Department of Community & Economic Development

14 N. Potomac, Suite 200A, Hagerstown, MD 21740

Phone: 301-739-8577 ext 111

Email: DCED@hagerstownmd.org