



CITY OF HAGERSTOWN, MARYLAND

Department of Community & Economic Development

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

Email: DCED@Hagerstownmd.org

Telephone: 301.739.8577, Ext. 111 • Website: www.hagerstownmd.org/DCED

INVEST HAGERSTOWN

PROGRAM GOALS

In partnership with private developers, the City of Hagerstown wishes to:

1. Inspire and enable significant redevelopment, both city-wide and in the urban core, reusing and repurposing existing vacant and under-utilized properties, in which there are significant market and/or physical condition barriers to development or redevelopment.
2. Create the opportunity for new jobs throughout the City of Hagerstown and Washington County.
3. Increase the value of Hagerstown’s commercial and mixed use properties.
4. Strengthen and improve market rate rental properties and increase homeownership.

CITY CENTER Redevelopment Grant Program Guidelines

CITY CENTER Program Summary

1. Grants from a minimum \$150,000 to maximum of \$250,000.

City Center		Required Match (at Least)	Project Total (at least)
Grant Minimum	\$150,000	\$300,000	\$450,000
Grant Maximum	\$250,000	\$500,000	\$750,000

2. The grants require a 2:1 match from the developer. Example: a \$200,000 grant would require a \$400,000 investment from the developer, for a total project investment of \$600,000.
3. A project may be defined as planned or in progress. Completed projects are ineligible. For projects that are planned, projects must start within 6 months of application. For projects that are in- progress, the applicant will be required to demonstrate expenditures equal to the grant and the required match (\$250K + \$500K = \$750K) related to work that was completed within 30 days prior to date of approval and the required date of completion. The City determines the required date of completion based on the project completion date shown on the application plus reasonable contingency.
4. Applications that are defined as "In Progress" must have no more than 15% of total work completed by cost, excluding contractor deposits, at time of application for the proposed scope of work applicants are applying for.
5. The Review Committee shall require a walkthrough of applicant properties with projects that are defined as "In Progress" prior to application approval.
6. Applications are reviewed first by a committee. Recommended applications are forwarded to the Mayor and Council for final consideration and approval.
7. Funding will be awarded upon completion of an approved project and development plan.

8. The first priority funding area shall be the one block radius from the Public Square (see attached map) although other applications for projects in the City Center will be considered.
9. Acquisition costs shall not be considered a part of the project cost.
10. All projects shall comply with federal, State and local codes, laws and ordinances.
11. All grants are subject to funding availability.

I. CITY CENTER Eligibility Criteria

1. Project is within the City-Center/Mixed Use Zoning District, although the first priority funding area shall be the block radius from the Public Square (see attached map).
2. Bricks and mortar renovation or new construction projects.
3. Commercial professional office, retail and mixed-use projects.
4. Total project cost, not including acquisition, must demonstrate a minimum 2 for 1 match. For example, a \$200,000 grant application must show a \$400,000 developer contribution.
5. If an applicant is not the owner of the property, a draft or signed lease is a required attachment. Applicant must demonstrate they are responsible for the expense of the scope of work proposed.
6. 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 and ventilation 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.
 - i. Floors shall be flat and non-trip;
7. Any new residential units created must meet the following minimum square footages requirements:
 - a. 400 Sq Ft for an efficiency unit.
 - b. 500 Sq Ft for a one-bedroom unit.
 - c. 650 Sq Ft for a two-bedroom unit
 - d. 900 Sq Ft for a three-bedroom unit.
8. For a project with Artist Live-Work Spaces, any live-work unit created must meet the following minimum square footage requirements:
 - a. 800 sq.ft. for an efficiency unit.

- b. 1,000 sq.ft. for a one-bedroom unit.
 - c. 1,300 sq.ft. for a two-bedroom unit.
 - d. 1,800 sq.ft. for a three-bedroom unit.
9. For a mixed-use (commercial/residential) project, the following amenities must be included in each residential unit:
- a. Fully sprinklered
 - b. Central HVAC system
 - c. Washer and dryer
 - d. Dishwasher
 - e. Fully wired for new technologies including phone/Datacom
 - f. Wood veneer or solid wood kitchen and bathroom cabinets
 - g. Approved solid surface counter tops in kitchen and bathrooms
 - h. Refinished or new hardwood floors or wall-to-wall carpeting in areas other than kitchen and bathrooms
 - i. Where possible, outdoor amenities should be provided for tenants (e.g., balconies, roof top decks, back porches, sunrooms, etc.)
10. For a project with Artist Live-Work Spaces, the following minimum amenities must be included in each live-work unit:
- a. All items listed in #8 above.
 - b. Ability to vent odors to the outdoors in accordance with the Mechanical Code.
 - c. Plumbed to allow for easy installation of slop sinks.
 - d. Utility capacity to meet needs of different art forms, including electric, gas, water and wastewater.
 - e. Sound transmission rating between units of a minimum STC 60 for partition walls.
11. 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.
12. Application must be aligned with the City of Hagerstown’s vision for the City Center.

II. CITY CENTER Ineligible Applications

- 1. Entirely residential projects.
- 2. Projects that do not meet the minimum investment threshold.
- 3. Applicants who are not in good standing with the City, County, State or Federal Governments.
- 4. Non-profit development applicants.

III. CITY CENTER Funding Guidelines

- 1. Funding may be secured by multiple sources.
- 2. Applicants may apply and utilize other grant and incentive programs.
- 3. More than one grant application may be accepted for the same property when being used for separate businesses and separate projects with separate scopes of work. Only one City-Center Redevelopment Grant will be awarded per property.

Examples:

A property owner may use a grant to renovate a building to improved shell condition and a tenant within the same building may use a grant for tenant space improvements and fit out.

Two separate tenants may each use a grant for tenant space improvements and fit out in a multi-tenant building for two separate businesses.

Two grants may not be used for the same business and same project within the same property.

4. The applicant should be the party responsible for the costs of the improvements.
5. No City loans, grants or pass through funding may be used as a part of the applicant's match.

IV. CITY CENTER Program Process

1. A development plan, which outlines the renovation schedule and major components of the project, shall accompany the application form.
2. Applications shall be reviewed by a committee called the Invest Hagerstown Committee, consisting of:
 - a. Community & Economic Development Director
 - b. Planning & Code Administration Director
 - c. Finance Director
 - d. Community Development Manager
 - e. Neighborhood Services Manager
 - f. Business Development SpecialistPlus, applications will be sent for comments to:
 - g. Member of the Planning Commission
 - h. Hagerstown Loan Review Authority Member
 - i. Historic District Commission Member (when property is located in a Historic District)
3. Applications are accepted on a continual basis and the Invest Hagerstown Committee will review applications received monthly.
4. The Invest Hagerstown Committee will evaluate the application against the following criteria:
 - a. Adherence to the Eligibility Criteria for City-Center Grants outlined in Section I.
 - b. Consistency with goals of the Invest Hagerstown City Center program
 - c. Aesthetic impact on immediate neighborhood
 - d. Financial feasibility of proposed funding sources
 - e. Potential for job creation
 - f. Development experience of applicant
 - g. Proposed timeline and completion date
 - h. Investment impact
5. The applications and development plans that the Invest Hagerstown Committee recommends will be sent to the Mayor and Council in a Regular Session for consideration and final approval.
6. The approved applicants will receive a Letter of Commitment from the City of Hagerstown which may be used to assist in financing the project.
7. The project will be regulated through Planning and Code Administration Department.

8. Monthly status updates shall be supplied by the developer to the Invest Hagerstown Committee through the City of Hagerstown Department of Community and Economic Development – dced@hagerstownmd.org .
9. As-Built Drawings shall be provided to the Department of Community and Economic Development upon project completion.
10. When the project is complete according to the approved application and development plan, the City shall award the grant money.

[vs.10.25.2023]



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INVEST HAGERSTOWN

CITY-WIDE Redevelopment Grant Program Guidelines

CITY-WIDE Program Summary

1. Grants from a minimum of \$5,000 to a maximum of \$25,000

City-Wide		Required Match (at Least)	Project Total (at least)
Grant Minimum	\$5,000	\$10,000	\$15,000
Grant Maximum	\$25,000	\$50,000	\$75,000

2. The grants require a 2:1 match from the developer. Example: a \$20,000 grant would require a \$40,000 investment from the developer, for a total project investment of \$60,000.
3. A project may be defined as planned or in progress. Completed projects are ineligible. For projects that are planned, project must start within 6 months of application. For projects that are in-progress, the applicant will be required to demonstrate expenditures equal to the grant and the required match (\$25K + \$50K = \$75K) related to work that was completed within 30 days prior to date of approval and the required date of completion. The City determines the required date of completion based on the project completion date shown on the application plus reasonable contingency.
4. Applications that are defined as "In Progress" must have no more than 15% of total work completed by cost, excluding contractor deposits, at time of application for the proposed scope of work applicants are applying for.
5. The Review Committee shall require a walkthrough of applicant properties with projects that are defined as "In Progress" prior to application approval.
6. Applications are reviewed and approved by a committee.
7. Funding shall be awarded upon completion of project as described by the applicant in the Application and Development Plan.
8. Acquisition costs shall not be considered a part of the project cost.
9. All projects shall comply with federal, State and local codes, laws and ordinances.
10. All grants are subject to funding availability and final use restrictions.

I. CITY-WIDE Eligibility Criteria

1. Commercial professional office, retail and mixed-use projects.
2. Projects are within the Corporate Limits of the City of Hagerstown, including CityCenter.
3. Applicants shall be in good standing with the City of Hagerstown.
4. Total project cost, not including acquisition, must demonstrate a minimum 2 for 1 match. For example, a \$20,000 grant application must show a \$40,000 developer contribution.

5. If an applicant is not the owner of the property, a draft or signed lease is a required attachment. Applicant must demonstrate they are responsible for the expense of the scope of work proposed.
6. Bricks and mortar renovation or new construction projects.
7. Application must be aligned with the City of Hagerstown's overall vision for the city.

II. CITY-WIDE Ineligible Applications

1. Entirely residential projects.
2. Projects that do not meet the minimum investment threshold.
3. Applicants who are not in good standing with the City, County, State or Federal Governments.
4. Non-profit development applicants.

III. CITY-WIDE Funding Guidelines

1. Funding may be secured by multiple sources.
2. Applicants may apply and utilize other grant and incentive programs.
3. More than one grant application may be accepted for the same property when being used for separate businesses and separate projects with separate scopes of work. Only one City-Center Redevelopment Grant will be awarded per property.

Examples:

A property owner may use a grant to renovate a building to improved shell condition and a tenant within the same building may use a grant for tenant space improvements and fit out.

Two separate tenants may each use a grant for tenant space improvements and fit out in a multi-tenant building for two separate businesses.

Two grants may not be used for the same business and same project within the same property.

4. The applicant should be the party responsible for the costs of the improvements.
5. No City loans, grants or pass through funding may be used as a part of the applicant's match.

IV. CITY-WIDE Program Process

1. A development plan, which outlines the renovation schedule and major components of the project, shall accompany the application form.
2. Applications shall be reviewed by a staff committee called the Invest Hagerstown Committee, consisting of:
 - a. Community & Economic Development Director
 - b. Planning & Code Administration Director
 - c. Finance Director
 - d. Community Development Manager
 - e. Neighborhood Services Manager
 - f. Business Development Specialist
3. Applications are accepted on a continual basis and the Invest Hagerstown Committee will review applications received monthly.

4. The Invest Hagerstown Committee will evaluate the application against the following criteria:
 - a. Adherence to the Eligibility Criteria for City Wide Grants, outlined in Section I
 - b. Consistency with goals of the Invest Hagerstown City Wide program
 - c. Aesthetic impact on immediate neighborhood
 - d. Financial feasibility of proposed funding sources
 - e. Potential for job creation
 - f. Development experience of applicant
 - a. Proposed timeline and completion date
 - b. Investment impact
5. Applications approved by the Invest Hagerstown Committee will receive a Letter of Commitment from the City of Hagerstown which may be used to assist in financing the project.
6. The project will be regulated through the Planning and Code Administration Department.
7. Monthly status updates shall be supplied by the developer to the Invest Hagerstown Committee through the City of Hagerstown Department of Community and Economic Development – dced@hagerstownmd.org .
8. When the project is complete according to the approved application and development plan, the City shall award the grant money.

Click here for the [Invest Hagerstown Grant Application](#).

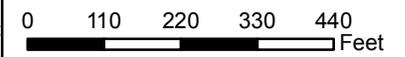
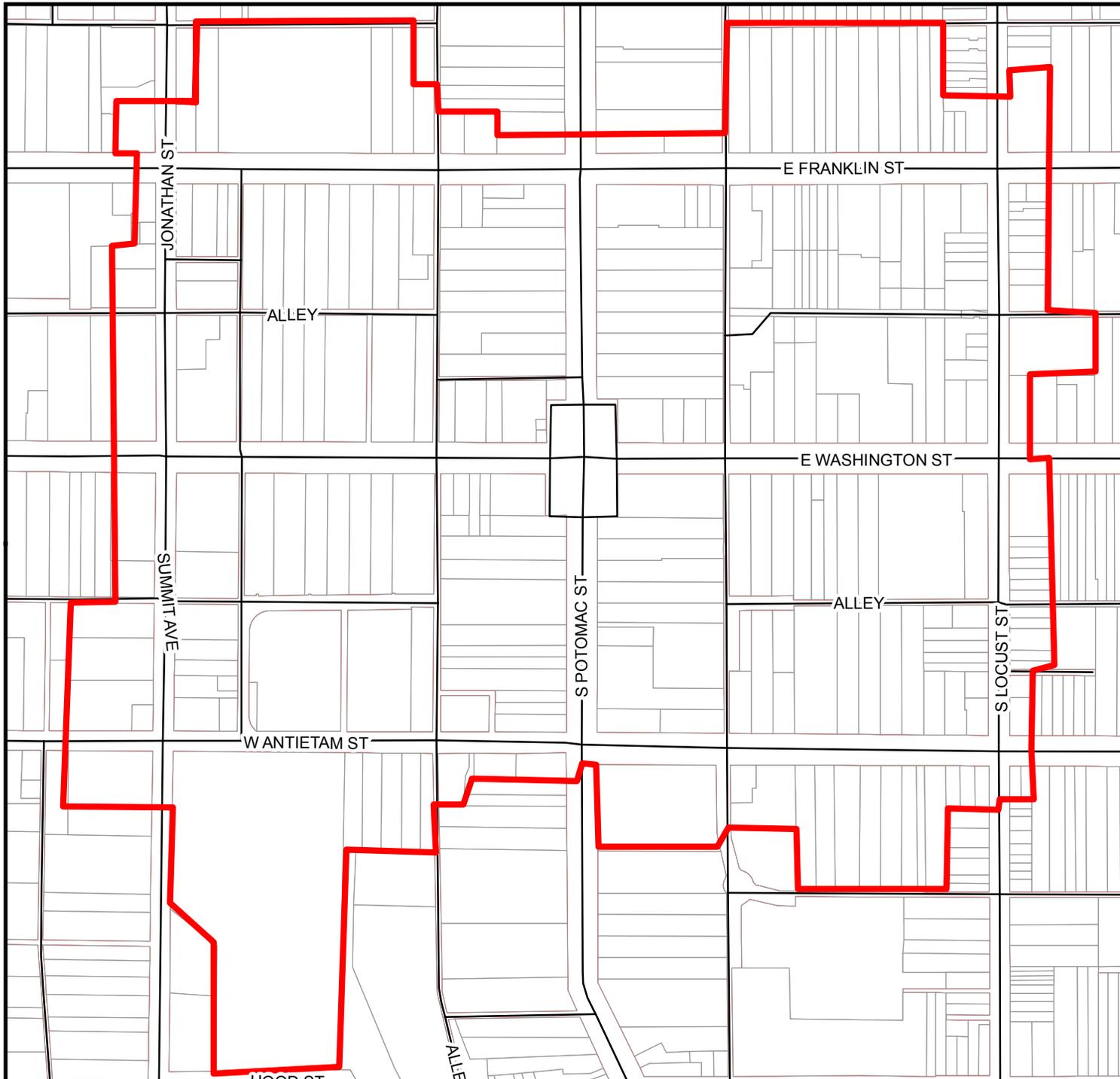
Return application to:

City of Hagerstown
Department of Community & Economic Development
14 N. Potomac, Suite 200A, Hagerstown, MD 21740
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Email: dced@hagerstownmd.org

City Center Grant First Priority Area



-  City Street
-  Tax Map Parcel
-  Grant Area



Map Projection: NAD83 State Plane Maryland (feet)
Data Sources: City of Hagerstown, 2013

Prepared By: Hagerstown Planning Office, 8/14/18





Larry Hogan,
Governor
Boyd K. Rutherford,
Lt. Governor

Maryland Opportunity Zones

dhcd.maryland.gov/OpportunityZones



What are Opportunity Zones?

Opportunity Zones were enacted by the federal government as part of the 2017 tax reform package. The program provides tax incentives to private investors with unrealized capital gains. The goal is to encourage long-term, private **investment from realized capital gains** into **low-income census tracts around the country**.

Maryland has 149 Opportunity Zones. Each county in the state has at least one Opportunity Zone. Opportunity Zones were designated by the U.S. Treasury based on eligible census tracts nominated by the Governor. Maryland’s Opportunity Zones address local needs and community priorities.

OPPORTUNITY ZONE TAX INCENTIVES

TEMPORARY TAX DEFERRAL for capital gains reinvested into a Qualified Opportunity Fund (QOF). The deferred gain must be recognized on the earlier of either the date on which the Opportunity Zone investment is sold or December 31, 2026.

STEP-UP IN BASIS for capital gains reinvested in an Opportunity Zone Fund. The basis of the original investment is increased by 10% if the investment in the qualified Opportunity Zone fund is held by the taxpayer for at least 5 years. And by additional 5% if held for at least 7 years, excluding up to 15% of the original gain from taxation.

PERMANENT TAX EXCLUSION OF OPPORTUNITY ZONE GAINS from the sale or exchange of an investment in a qualified Opportunity Fund, if the investment is held for at least 10 years.
(Note: This exclusion applies to the gains accrued from an investment in an Opportunity Fund, not the original gains.)

What is a Qualified Opportunity Fund (QOF)?

A Qualified Opportunity Fund (QOF) is an investment vehicle established to invest in Opportunity Zone property. A QOF must meet the following requirements:

- Must be a corporation (Inc., LLC, S Corp) or a partnership.
- Must self-certify as a QOF by completing and submitting **Form 8996** to IRS.
- Must invest 90% of its assets into QOZ property





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Maryland Opportunity Zones

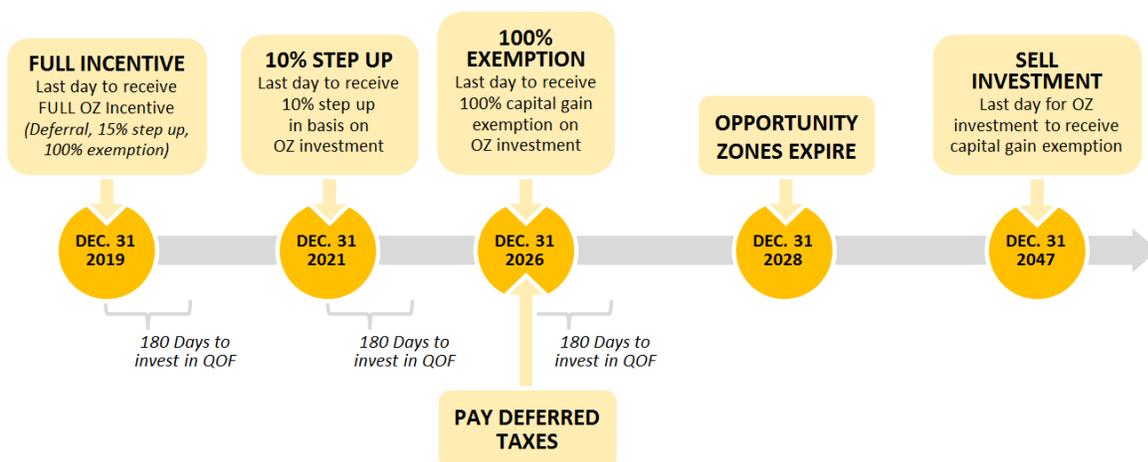
dhcd.maryland.gov/OpportunityZones

What is a Qualified Opportunity Zone Property?

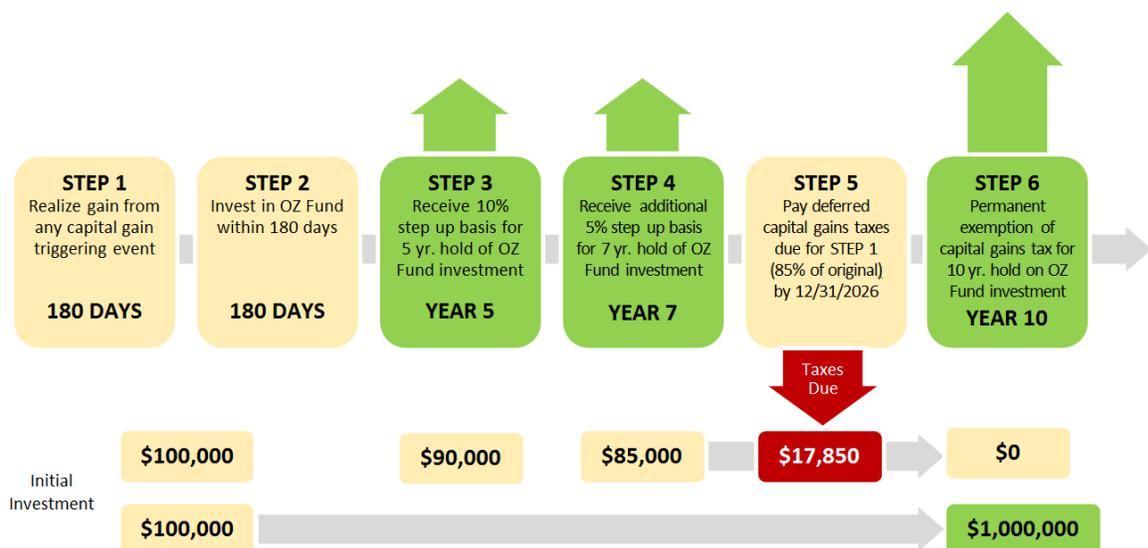
Qualified Opportunity Zone (QOZ) property can be Stock or Partnership interest in a Qualified Opportunity Zone business, or business property. Major requirements for investing as follows:

<p>Criteria for QOZ business:</p> <ol style="list-style-type: none"> (1) at least 50% of its gross income must be from the active conduct of a trade or business within the QOZ. (2) at least 70% of its tangible property must be QOZ business property (3) no more than 5% of its assets can be nonqualified financial assets (4) it may not be a "sin" business 	<p>Criteria for QOZ business property:</p> <ol style="list-style-type: none"> (1) property purchased by a QOF or QOZ business after December 31, 2017 (2) comes into original use with the QOF or QOZ Business or is substantially improved (3) Substantial improved is 100% of the value of the assets, excluding land value for real estate.
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PROGRAM TIMELINE



INVESTMENT TIMELINE



For more details on opportunity zones, go to the [IRS website](#) or [DHCD's website](#)





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INVEST HAGERSTOWN

CITY CENTER & CITY-WIDE Redevelopment Grant Program Application

Property Information

Property Address: _____, Hagerstown, MD Zip: _____

Check One: City Center Grant City Wide Grant

Check One: Commercial Building Mixed-Use Building

Applicant Information

Property Owner

Company (legal ownership of property): _____

Contact and Title: _____

Phone Number: _____

Email Address: _____

Address of Business: _____, Hagerstown, MD Zip: _____

Business Phone Number: _____ Business Website: _____

Project Information

Is this project utilizing the Opportunity Zone? Yes No

Click [HERE](#) to look up an address on the Opportunity Zone map.

If yes, the following criteria for Qualified Opportunity Zone (QOZ) property is required:

1. Was the property purchased by a QOZ Fund or QOZ business after December 31, 2017?
Yes No

2. Comes into original use with the QOF or QOZ Business or is substantially improved? Yes
 No

3. Substantial improvement is 100% of the value of the assets, excluding land value for real estate? Yes No

Time frame for project completion (excluding tenant fit-out): _____

Expected Start Date: _____

Expected Completion Date: _____

Note: Any schedule beyond two years shall require Mayor and City Council approval.

Do tenant spaces have Use and Occupancy Permits yet? Yes No

Are new residential units proposed? Yes No

If yes, provide number of units and square footage calculations for each unit:

How many new jobs will be created within 2 years of the project completion? _____ new jobs

How many jobs will be retained as a result of this project? _____ jobs

How long has the property been 100% vacant? Since _____ (month/year)

If partially vacant, _____ % Vacant Since _____ (month/year)

Describe the investment impact and the aesthetic impact on the immediate commercial area/neighborhood:

A financing plan is a required attachment. Describe the financial feasibility of the proposed funding sources, and describe the development experience of the applicant:

Provide any additional description of how the proposed project supports the following program goals:

- Inspire and enable significant redevelopment, both city-wide and in the urban core, reusing and repurposing existing vacant and under-utilized properties.
- Create the opportunity for new jobs throughout the City of Hagerstown and Washington County.
- Increase the value of Hagerstown's commercial and mixed use properties.

Required Attachments:

- Description of proposed renovation and construction work.
- Design plans and occupancy plan.
- Project budget/construction cost estimates.
- Construction timeline.
- Financing plan showing proposed funding sources and indicating any other grants or incentives for the project.
- Draft/Signed Lease (If applicant is not the owner of the property).

Grant Request Amount: \$ _____

Total Project Cost: \$ _____

Applicants must comply with all conditions indicated on their application form and in the published Program Guidelines and subsequent information provided in support of this application and eligibility criteria of the program, particularly including receipt of buildings permits for proposed work and implementation of approved development plan and schedule. Any changes to the approved development plan and schedule must be resubmitted for review and approval of the Invest Hagerstown Committee to determine continued eligibility of the project. If a project is disqualified, any financial incentives received to date will be required to be repaid to the City. There may be additional project information requested from the developer at any time during the process.

If approved, the developer shall be responsible to report the following to the City of Hagerstown Department of Community and Economic Development – dced@hagerstownmd.org :

1. Progress reports every month on status of project milestones and any anticipated changes to the project plans;
2. Reporting to the City, at completion of construction, the square footage per use type of the renovated space (e.g., office, retail, restaurant);

Applicant Signature:

By signing below, I certify that the information above is true and correct, I agree to comply with the program requirements and eligibility as described in the Invest Hagerstown Grant Guidelines, and I understand that if my application is approved, failure to comply will result in termination of the Letter of Commitment.

Applicant's Signature

Date

Return to:

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