



CITY OF HAGERSTOWN, MARYLAND

Department of Community & Economic Development

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

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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:

Renovated Properties- Rent Assistance Available

- 34-36 South Potomac St. – Contact: Justin Anderson, (301) 223-1014, janderson@dmbowman.com
- 38 South Potomac St. – Contact: Justin Anderson, (301) 223-1014, janderson@dmbowman.com
- 54 South Potomac St. (Masonic Temple) - Contact: Justin Anderson, (301) 223-1014, janderson@dmbowman.com
- 138-140 West Washington St. (Wareham Building) – Contact: Krystle O'Brien, (301) 960-4881, kobrien@gideonprop.com
- 20 West Washington St. (The Grand Building) - Contact: Krystle O'Brien, (301) 960-4881, kobrien@gideonprop.com
- 5 Public Square (The Professional Arts Building)– Contact: Krystle O'Brien, (301) 960-4881, kobrien@gideonprop.com

Properties Under Renovation- Rent Assistance Not Yet Available

- 55-59 W Washington St.
- 43-53 W. Washington St.

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:

- a. Community & Economic Development Director
- b. Planning & Code Administration Director
- c. Finance Director
- d. Community Development Manager
- e. Neighborhood Services Manager
- f. Economic Development Specialist

ELIGIBILITY CRITERIA

1. The project must be located in the PEP zone. This zone was expanded in October 2018 to include the full City Center Mixed Use (CC-MU) Zoning District. See attached map.
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: Linda Spence, 240-313-2280 Email: lspence@washco-md.net.
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.
 - I. All floors shall be flat and non-trip.

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.

5. For a residential project, any new residential units created must meet the following minimum square footages requirements:
 - 400 Sq Ft for an efficiency unit.
 - 500 Sq Ft for a one-bedroom unit.
 - 650 Sq Ft for a two-bedroom unit
 - 900 Sq Ft for a three-bedroom unit.
6. For a project with Artist Live-Work Spaces, any live-work unit created must meet the following minimum square footage requirements:
 - 800 sq.ft. for an efficiency unit.
 - 1,000 sq.ft. for a one-bedroom unit.
 - 1,300 sq.ft. for a two-bedroom unit.
 - 1,800 sq.ft. for a three-bedroom unit.
7. For a mixed-use (commercial/residential) project or a residential project, the following amenities must be included in each residential unit:
 - Fully sprinklered
 - Central HVAC system
 - Washer and dryer
 - Dishwasher
 - Fully wired for new technologies including phone/Datacom
 - 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.)
8. For a project with Artist Live-Work Spaces, the following minimum amenities must be included in each live-work unit:
 - All items listed in #7 above.
 - 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.
 - Sound transmission rating between units of a minimum STC 60 for partition walls.
9. For residential projects, application must include detailed marketing plan that demonstrates how the applicant plans to attract market rate tenants to the project.
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. As-Built Drawings shall be provided to the Department of Community and Economic Development upon project completion.

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. This incentive will be provided after the building receives a Certificate of Occupancy for at least shell condition and after all PEP building code upgrade requirements are completed. This incentive starts the first full fiscal year following the completion of the project. A fiscal year is July 1-June 30.

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 and subsequent tenant fit out for a period of five years. 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. Waivers will also be given for the same fees associated with tenant fit out.

4. 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 Planning and Code Administration Department. Per the Zoning Administrator's schedule, the "turnaround" time is expedited. Historic District compliance review will also be expedited.

- 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 Planning and Code Administration Department 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-owned public parking lots or facilities. This incentive is limited to a maximum of one per unit for residential projects with a maximum of five for each non-residential project. This incentive may be limited to specific lots or facilities subject to availability and assignment by the City. Existing off-street parking is deducted from the eligible amount and this benefit is not transferrable. This incentive will be provided after the building receives a Certificate of Occupancy for at least the shell condition and after all PEP building code upgrade requirements are completed.

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

This incentive will be provided for a period of five years after the building receives a Certificate of Occupancy for at least shell condition and after all PEP building code upgrade requirements are completed. Please see [SECTION 2](#) of this packet for a full description of this incentive.

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

Revised 10/25/2023

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:

- a. Community & Economic Development Director
- b. Planning & Code Administration Director
- c. Finance Director
- d. Community Development Manager
- e. Neighborhood Services Manager
- f. Economic Development Specialist

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:
 - 34-36 South Potomac St. – Contact: Justin Anderson, (301) 223-1014, janderson@dmbowman.com
 - 38 South Potomac St. – Contact: Justin Anderson, (301) 223-1014, janderson@dmbowman.com
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Properties Under Renovation- Rent Assistance Not Yet Available

- 55-59 W Washington St.
 - 43-53 W. Washington St.
3. This incentive will be provided for a period of five years after project completion.
 4. The PEP Rental Assistance Incentive shall be utilized after any/all other applicable Local/State/Federal commercial rental assistance programs the property or applicant may qualify for. Lease terms/durations may be required to be adjusted for applicants utilizing these programs.
 5. 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.

6. Rental assistance is open to the First Qualified Tenant Through after renovation. A tenant suite becomes ineligible for rental assistance if it is first leased and occupied to an unqualified tenant, or a tenant that chooses not to participate in the program (for example: the tenant chooses not to commit to a 4-year lease).
7. If a space was occupied at time of and following renovation, the space becomes ineligible for future rental assistance.
8. Subject to zoning approval requirement in the Land Management Code, the Specific Categories of businesses are eligible for consideration for the Rent Assistance Program: See Attached PEP Rent Relief Eligible Business Categories.
9. Governmental agencies are not eligible for this program.
10. Businesses must occupy first-floor retail or restaurant space, or 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.
11. 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.
12. If 1st tenant vacates before the end of a benefit period, the next tenant may qualify for a prorated rental assistance if they occupy the space within 12months of vacancy.
13. 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.
14. Applicants must not be delinquent on any financial obligations to the City.
15. 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 \$30,000 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 \$1,250

Option 2 – (36 months)

50% monthly rent for months 1-12

Maximum monthly benefit is \$1,250

35% monthly rent for months 13-24

Maximum monthly benefit is \$875

15% monthly rent for months 25-36

Maximum monthly benefit is \$375

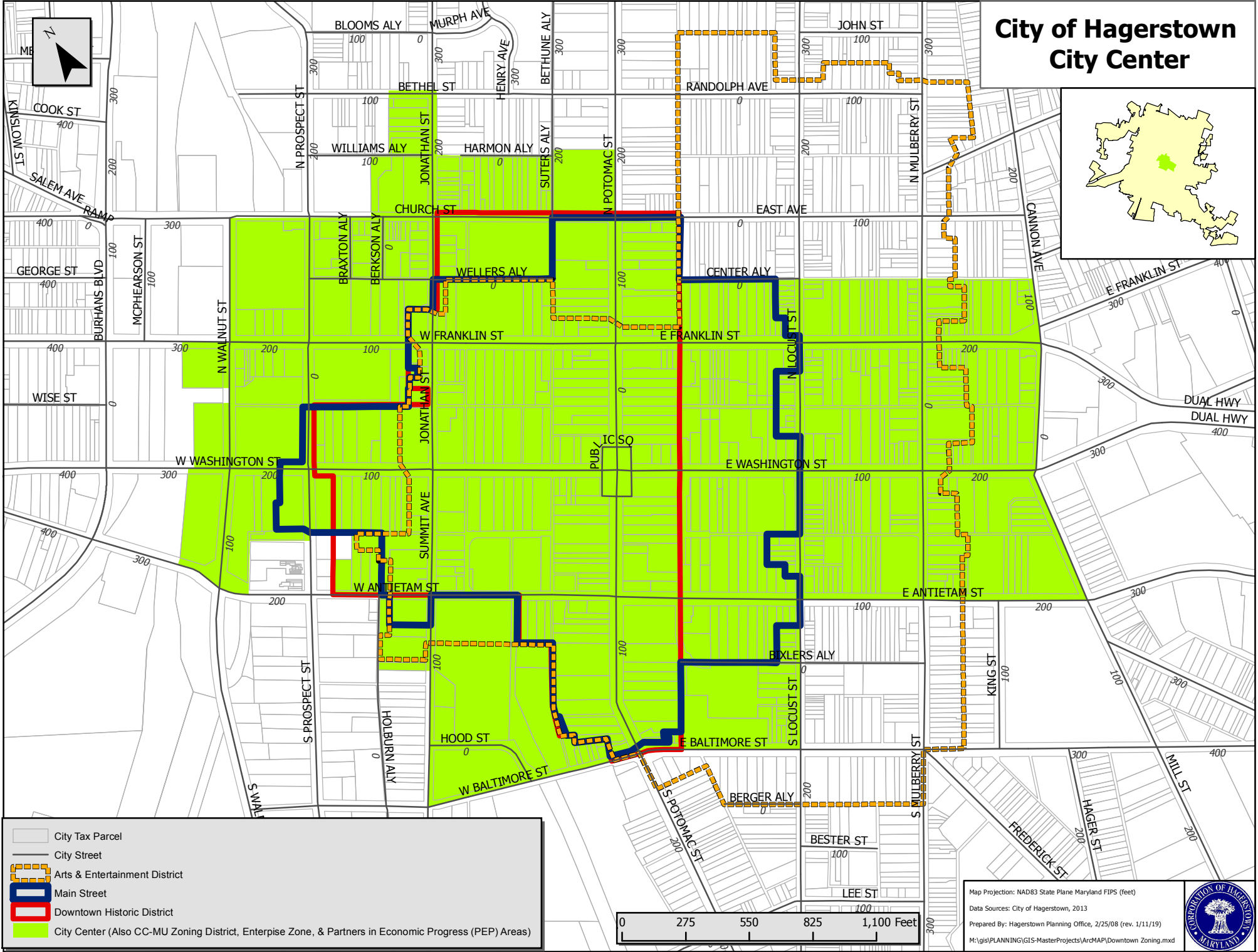
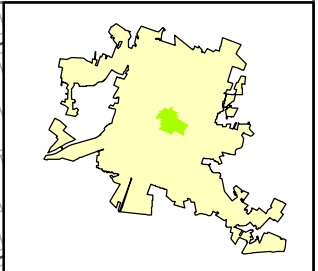
APPLICATION







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

City of Hagerstown City Center



-  City Tax Parcel
-  City Street
-  Arts & Entertainment District
-  Main Street
-  Downtown Historic District
-  City Center (Also CC-MU Zoning District, Enterprise Zone, & Partners in Economic Progress (PEP) Areas)

Map Projection: NAD83 State Plane Maryland FIPS (feet)
 Data Sources: City of Hagerstown, 2013
 Prepared By: Hagerstown Planning Office, 2/25/08 (rev. 1/11/19)
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PEP Rent Relief Eligible Business Categories	P=Permitted
	SE=Special Exception
Administrative support services (561).	P
Ambulatory health care services, with exception of outpatient substance abuse centers (621420).	P
Amusement and recreation establishments (713120, 71395 and 713990).	P
Artist Live-Work Space in large former commercial, industrial or institutional buildings.	P
Banks, savings institutions & credit unions (521-522), except pawn shops (522298).	P
Banquet and reception facilities (722320).	P
Broadcasting (515).	P
Business Service Centers (56143) and Quick Printing Services (323114).	P
Catering kitchens, for preparation of food for off-site delivery and associated office and storage use (722320).	P
Colleges, universities, trade and commercial schools, except primary and secondary schools (611).	P
Community centers, including but not limited to cultural, civic and educational centers.	P
Convenience store without fuel pumps (445120).	P
Convention and Conference Centers.	P
Drinking places (722410) and brewpubs outside the Smart Growth A&E District.	SE
Drinking places (722410) and brewpubs within the Smart Growth A&E District.	P
Dry cleaning and laundry services (8123).	P
Entertainment club.	SE
Finance and insurance (52), monetary authorities – central bank, credit intermediation and related activities (521-522), except pawn shops (522298).	P
Fitness and recreational sports centers.	P
Hair, nail and skin care stores, ear piercing services, hair replacement services, permanent makeup salons (81211) and dog grooming establishments.	P
Indoor plant cultivation and processing facilities, when interior space is 25,000 square feet or less in gross floor area.	P
Indoor plant cultivation and processing facilities, when interior space is over 25,000 square feet in gross floor area.	SE
Internet publishing and broadcasting (516).	P
Internet service providers. web search portals and data processing services (518).	P
Manufacturing, Light, when interior space exceeds 25,000 square feet in gross floor area.	SE
Manufacturing, Light, when interior space is 25,000 square feet or less in gross floor area.	P
Medical and diagnostic laboratories (6215).	P
Motion picture and sound recording industries (512).	P
Museums (712), except zoological parks.	P
Newspaper publishers (511110).	P
Night clubs.	P
Offices, business and professional (55 and 56), except waste Management and remediation services (562).	P
Performing arts companies (7111).	P
Personal and household goods repair and maintenance (8114).	P
Photo finishing (81292).	P
Photography Studios.	P
Primary and secondary schools, public and private, for which setback, parking or other regulations cannot be met without variance.	P
Primary and secondary schools, public and private, provided all setback, parking and other regulations are met without variance.	P

Professional, scientific & technical services (54), except veterinary services.	P
Promoters of performing arts, sports and similar events with or without facilities (7113).	P
Public administration (92), except correctional institutions publicly-managed (922140) and privately-managed (561210).	P
Research and development facilities.	SE
Restaurants (7221 and 7222), no limit on size.	P
Retail and wholesale trade (44-45) excluding auto and other motor vehicle dealers unless all vehicle storage is indoors and excluding adult businesses – up to 5,000 square feet in net floor area per business. This provision shall also include retail bakeries (311811) and retail confectioneries (311320). Regulation of specific trade uses that are found elsewhere in this chart shall prevail. <i>(Ed. Note: See Page 4-138 regarding gasoline sales)</i> – up to 75,000 square feet in net floor area per business.	P
Tanning and depilatory salons (812199).	P
Tattoo parlors and massage parlors, steam baths and saunas (812199).	P
Telecommunications (517).	P
Theater, movie (512131).	P
Theater, performing arts (711310).	P
Veterinary services (54194), completely enclosed.	SE
Visual and performing arts studios.	P