The Community's
City Center Plan
Hagerstown, MD
Executive Summary

Prepared by:
URBAN PARTNERS
2014-2024

Prepared by:
BROWN & KEENER
a division of RBA
Background & Process
The City of Hagerstown documented a strong foundation for Downtown revitalization in its 2012 Sustainable Community Plan (SCP), which envisions Downtown as the commercial, institutional, and cultural center of the region. To assist with implementing the SCP, the City retained Urban Partners to undertake an economic analysis of the Downtown and to identify eight catalyst projects to generate momentum and investment. These eight initiatives add to on-going City efforts to implement other important elements of the SCP. The identification and fine-tuning of these initiatives came as the result of broad community engagement with the Urban Partners team spending more than 130 hours collecting input and feedback through a variety of focus groups, interviews, and community workshops. These catalyst projects constitute The Community's City Center Plan.

Completed & On-Going Initiatives
The Community’s City Center Plan was undertaken within the context of on-going and, in some cases, already completed efforts by the City to implement key elements of the SCP. Since adoption of the SCP by the State of Maryland, the City has implemented several initiatives and projects including new wayfinding signage and lighting; improved pedestrian connections; new parks; various zoning changes to facilitate Downtown development; and the acquisition of several Downtown properties, some of which have been or are being rehabilitated for new uses. The City recognizes and continues to support partners who are taking on projects to enhance the City Center. As these eight proposed projects are catalytic in design, the City believes downtown businesses and organizations will realize the positive impacts this plan is intended to create. The new Washington County Free Library, Barbara Ingram School for the Arts, University System of Maryland, the Washington County Arts Council, the Washington County Museum of Fine Arts, and countless others are all our downtown neighbors and catalysts. The City is working to strengthen our partnerships and to create new synergies through this project.

Catalyst Projects—Summary
The Community’s City Center Plan outlines the eight Catalyst Projects—each project stems from improvements and issues identified in the SCP. The projects are organized into two categories - new development initiatives and expansions/ modifications of current programs or activities:

New Development Initiatives
1. Office Development & Recruitment
2. Maryland Theatre Expansion Project
3. USMH Expansion Support
4. Hotel/Conference Center & Heritage Center/Commemorative Park
5. Linking City Park/Washington County Museum of Fine Arts (WCMFA) and A&E District with Trail and New Housing

New & Rehabilitated Development $463,000 SF
New & Rehabilitated Investment $124,800,000
Increased Attendance—Annual 60,000
Full-Time Equivalent Employment Growth 875
New & Rehabilitated Housing Units 178
Annual Tax Increment—City & County $1,845,000

Within ten years, these eight initiatives together are projected to result in 463,000 SF of development; Downtown audiences will increase by 60,000 annually; 875 new full-time equivalent jobs will be created; 178 new or rehabilitated housing units will appear; and the annual tax increment for the City and County governments will increase by more than $1.8 million (after the expiration of temporary incentives).

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

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Catalyst Projects

Expansion of Programs Currently Underway
New Development Initiatives
Arts & Entertainment District

Catalyst Project Candidates
1. New Office Development and Recruitment
2. Maryland Theatre Expansion Project
3. USMH Expansion Support
4. Hotel/Conference Center/Heritage Center/Commemorative Park
5. Linking City Park/WCMFA and A/E District with Trail and New Housing
6. Expanded Downtown Arts/Events Programming
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Prepared By: Hagerstown Planning & Code Admin. Div. 6/11/14

Brown & Keener, 2014; State of Maryland Imagery, 2007
City of Hagerstown, 2014; Urban Partners, 2014;
Data Sources:
Map Projection: NAD83 State Plane Maryland FIPS (feet)
Eight Catalyst Projects

Catalyst Project 1: Office Development & Recruitment

This strategy positions the Downtown to compete for new office development using portions of the Central Lot. The City will form a partnership with an experienced developer selected through a competitive process. That selected developer will market potential office sites, recruit tenants, and be ready to develop immediately upon receiving a commitment from a prospective office user.

During the first ten years, this strategy would yield an estimated 154,000 SF in new office development across three buildings, resulting from $30.8 million in new private investment and yielding 600 new jobs and $564,000 in new local tax revenues after expiration of incentives. Current parking accommodates the first 70,000 SF of new offices; additional office development will require a new parking deck.

Several available economic incentives can support the effort:
- City of Hagerstown First Third Grant Program
- City and County Enterprise Zone Real Estate Tax Abatements
- Partners in Economic Progress Program
- Washington County New Job Tax Credit
- Maryland’s One Maryland Tax Credit Program

Catalyst Project 2: Maryland Theatre Expansion Project

This strategy aims at expanding the draw of downtown’s largest entertainment attraction, helping the Maryland Theatre grow from 150 to 225 performance days per year. This effort will continue necessary improvements to Theatre seating and “back of house” facilities, as well as create a new entrance, offices and performance space. It will also strengthen the Theatre’s organizational infrastructure so that events activity can grow by as much as 50% over the next ten years. We should note that Washington County Public Schools is currently exploring an expansion program for their downtown campus, which would strongly complement this expansion of activity at the Maryland Theatre.

During the first ten years of the implementation period, this initiative will result in 14,000 SF of new development, $8.25 million in investment, and a 60,000 increase in annual audience at the Theatre.

Catalyst Project 3: USMH Expansion Support

University System of Maryland at Hagerstown (USMH) plans to grow its enrollment of 500 by up to 750 students, or 50%. This initiative supports USMH’s effort to add training in the culinary, hospitality, and tourism industries by leasing 5,000-10,000 SF of nearby space for these programs and other labs and offices. This strategy also adds housing to accommodate students increasingly coming from other parts of the state. Such housing encourages reuse of vacant upper floors close to USMH, especially on the unit blocks of W. Washington and N. Potomac. This strategy supports three upper-floor renovations over ten years providing 12 units for 24 students. Each model project, undertaken by an existing owner with vacant or convertible space, will provide four two-bedroom, two-bath units shared by at least two students.

Under this initiative, USMH will master lease the first two rehabilitation efforts; a local government or foundation will support 50% of any USMH losses. Model analysis suggests development costs per effort will be $600,000, financed by private debt and equity. Maryland Community Legacy Funds at $150,000 per building, and City of Hagerstown First Third Grant funds. The overall program invests $2.5 million, resulting in reuse of 20,000 SF of vacant space, adding 12 student housing units, and providing $41,000 in annual local tax revenue after incentives expire.
Catalyst Project 4: Hotel / Conference Center & Heritage Center / Commemorative Park

Typical “Upper Upscale” Conference Hotel

Adding a successful hotel in Downtown is tied closely to its development with a room-night generator such as a large conference center. The new hotel must also compete in quality with the best in the market or, ideally, establish a new higher standard. Two sites are being considered for this hotel/conference center: the portion of the vacant Meritus/Washington County Hospital site between Antietam and Washington and the current site of the Best Western Grand Venice Hotel/Conference Center farther south along Dual Highway. The hotel development program includes a 200-room “Upper Upscale” hotel (i.e., Sheraton, Wyndham, Hilton) and an adjacent 20,000 SF conference center. Preliminary feasibility analysis suggests that a $34.4 million investment is feasible with net operating income supporting $24.4 million in debt and $86+ million in equity. Other funding includes City of Hagerstown First Third Grant funds and a $3.6 million New Markets Tax Credit investment. However, the estimated $6.15 million capital cost for the conference center must be met from public and/or civic funding with no debt repayment.

A 7.7 acre parcel of the former hospital is an important Civil War site where a Civil War Heritage Center and Commemorative Park could be created. Features will include a small visitor center, interpretive signage, walking trails, cannon emplacements, and landscaping. A preliminary capital estimate is $3.3 million to be financed through public and civic grants. A critical issue is the cost of on-going operations; effective use of this resource requires significant staff support for the visitors’ center, interpretive programming, encampments & re-enactments, and other programming to assure a popular tourism experience. A cadre of enthusiastic volunteers promotes this effort and USMH’s proposal to add a tourism specialization might yield internships and co-op placements. However, before proceeding with capital investment, the City must be assured of an engaged and sustainable volunteer/civic staffing commitment.

This initiative will result in 127,000 SF of development; $43.8 million in investment; 225 new full-time equivalent jobs; and an annual tax increment for the City and County governments of $934,000 (after the expiration of temporary incentives).

Catalyst Project 5: Linking City Park/WCFMA and A&E District with Trail and New Housing

The SCP strongly supports housing diversity, improving the quality of the Downtown housing stock, and increasing market-rate housing. Market Analysis reveals that the Southwest City Center area, situated between two of Downtown’s main attractions – City Park/Washington County Museum of Fine Arts and the Arts & Entertainment District, has a healthy housing market. The area presents an opportunity for constructing a multi-use trail linking City Park with the Public Square and, adjacent to that trail amenity, adding 31 new townhomes in the first ten years (more later) and rehabilitating the Dagmar Hotel and three other W. Antietam buildings as 85 quality loft apartments.

This initiative will result in a new multi-use trail and 148,000 SF of development; $19.2 million in investment; 116 new housing units; and a tax increment for the City and County governments of $186,000 (after the expiration of temporary incentives).

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Catalyst Project 6: Expanded Downtown Arts/Events Programming

The SCP suggests expanding programming to build upon the positive atmosphere created by events and to increase visitation to Hagerstown's Arts & Entertainment District. Currently the City hosts events in the District year-round—at least 65 days of activity. Beyond these public outdoor events, various arts and entertainment venues, including theaters, galleries, and museums, host individual events. The Maryland Theatre alone has activity 150 days per year. Investing additional resources, including available Main Street funds, will expand events programming. For maximum impact, these expanded events will coordinate with the extensive schedule of the Maryland Theatre and a consolidated events calendar will be established.

6. Continuing excessive nuisance enforcement programs.
5. Establishing rental licensing inspections on a regular basis; and
4. Continuing acquisition, rehab, and resale program to assure that properties in need of modernization remain attractive to owner-occupants and do not decline into problem rental properties;
3. Targeting Neighborhoods 1 in need of modernization;
2. Targeting Neighborhoods 1 supportive programs ("paint-ups," block parties, neighborhood clean-ups, etc.);
1. Aggressively marketing the City's down payment assistance program;

Catalyst Project 7: Expanded Operations of the City Farmers Market

Specially food stores in the Hagerstown area capture only 35% of $20 million in demand, leaving a $13 million gap which could support new specialty food stores Downtown, including expanded activity at the City Farmers Market. The Market's 30 vendors sell produce, baked goods, and handmade crafts, and operate three breakfast/lunch counters, but only operate seven hours per week—Saturdays from 5:00 am to noon. Expanded operations will increase weekly hours from the current 7 to at least 35 and increase the number of vendors. A private management model would provide the structure for operating the market on a three or four day, 35 hour basis.

Implementing this approach requires careful consultation with existing tenants, recruitment of private management, attracting needed new vendors, strategic investment in capital equipment and accessibility improvements, and re-branding and promoting this new model.

Catalyst Project 8: Expanded & Targeted Home Ownership Support

Hagerstown already uses an array of incentives to encourage Downtown housing choice. This support strategy builds on, focuses, and, in some cases, supplements current efforts. Critically, implementation of these strategies will be highly targeted: a variety of programs and incentives will reinforce the homeownership experience in compact—even block-specific—areas. This initiative includes six key elements:

1. Aggressively marketing the City's down payment assistance program;
2. Targeting Neighborhoods 1 supportive programs ("paint-ups," block parties, neighborhood clean-ups, etc.);
3. Targeting Neighborhoods 1 infrastructure and amenity work;
4. Continuing acquisition, rehab, and resale program to assure that properties in need of modernization remain attractive to owner-occupants and do not decline into problem rental properties;
5. Establishing rental licensing inspections on a regular basis; and
6. Continuing excessive nuisance enforcement programs.