
Economic Development

Introduction

Many of the elements of *visionHagerstown 2035* address the city's economic development and fiscal health issues. This chapter brings those discussions together in one place, and establishes the full set of goals, policies, and implementation actions for economic development in Hagerstown.

Goals

1. Attract higher-wage employment to the city.
2. Promote development and redevelopment of vacant and underutilized land in a way that contributes to the city's fiscal base.
3. Capture a larger share of the region's retail and tourism spending.
4. Reinforce downtown Hagerstown's role as the region's government, economic, educational, institutional, arts, and cultural center.
5. Grow the city's fiscal base to support capital improvements, programs, and staffing needs.

Issues Addressed by this Element

1. Large amounts of vacant and underutilized land exist in the city.
2. Limited high-wage and service-sector employment in Hagerstown.
3. Sustaining the momentum for long-term downtown revitalization.
4. The city's limited share of the region's retail and tourist activity.
5. The need for additional and/or specialized education to prepare citizens for employment in higher-paying industries.
6. The challenges of high unemployment and concentration of poverty in the city.

Employment of City Residents

Figure 3-1 shows employment of residents in Hagerstown with a comparison between 2013 and 2010 Census estimates. The figure represents the sectors in which Hagerstown's residents work, not the sources of employment within the city. Almost all of the agricultural and mining workers, for instance, go outside the city limits to work. The ACS estimated Hagerstown's population at 40,243 in 2013. Of these, 30,977 were over age 16. However, the city labor force was 20,326: over 10,000 are not in the labor force due to retirement, disability, continuing education, or some other reason. In 2013, 65.6% of residents over 16 years of age were in the labor force and 87% (17,689) of the labor force was employed. In 2013, approximately 44% of the overall population was employed.

Figure 3-1: Employment of City Residents (2013 vs 2010)

Employment Sector	Percentage of Workers	
	2013	2010
Education, Healthcare, Social Assistance	21.1%	17.7%
Retail Trade	14.9%	18.2%
Arts, Entertainment, Accommodation, Food Services	11%	9.3%
Professional, Scientific, Management, Administrative Services	10.3%	8.2%
Finance and Insurance, Real Estate	8.4%	8.0%
Manufacturing	7.8%	9.4%
Transportation and Warehousing, Utilities	6.1%	6.2%
Public Administration	5.5%	4.3%
Construction	5.8%	9.7%
Other Services, except Public Administration	4%	3.9%
Information	2.5%	2.6%
Wholesale Trade	2%	2.5%
Agriculture, Forestry, Mining	<1%	<1%
Total	100%	100%

Data Source: American Community Survey (ACS), 2009-2013 5-year Estimates & 2006-2010 5-Year Estimates, U.S. Census Bureau

The data in Figure 3-1 show how Hagerstown has transitioned away from a notable industrial past into a 21st Century service economy. This is demonstrated by substantial increases in the healthcare, food services, professional services sectors since 2010. Employment in manufacturing declined for city residents during the same period. The construction employment sector for city residents has significantly fallen in recent years – likely the result of decreased development since the 2007-09 Recession and housing bubble. The unemployment rate for the city remains stubbornly high at around 8% - this rate has been consistently above County and State levels (see Figure 3-2).

Figure 3-2: Unemployment Rates, 2007-2015
Seasonally Adjusted

Place	Jan. 2007	Jan. 2009	Jan. 2011	Jan. 2013	Jan. 2015
Hagerstown	4.9%	9.5%	12.0%	10.5%	8.0%
Washington County	4.6%	8.9%	10.0%	8.6%	6.8%
Maryland	3.7%	6.2%	7.3%	6.8%	5.5%

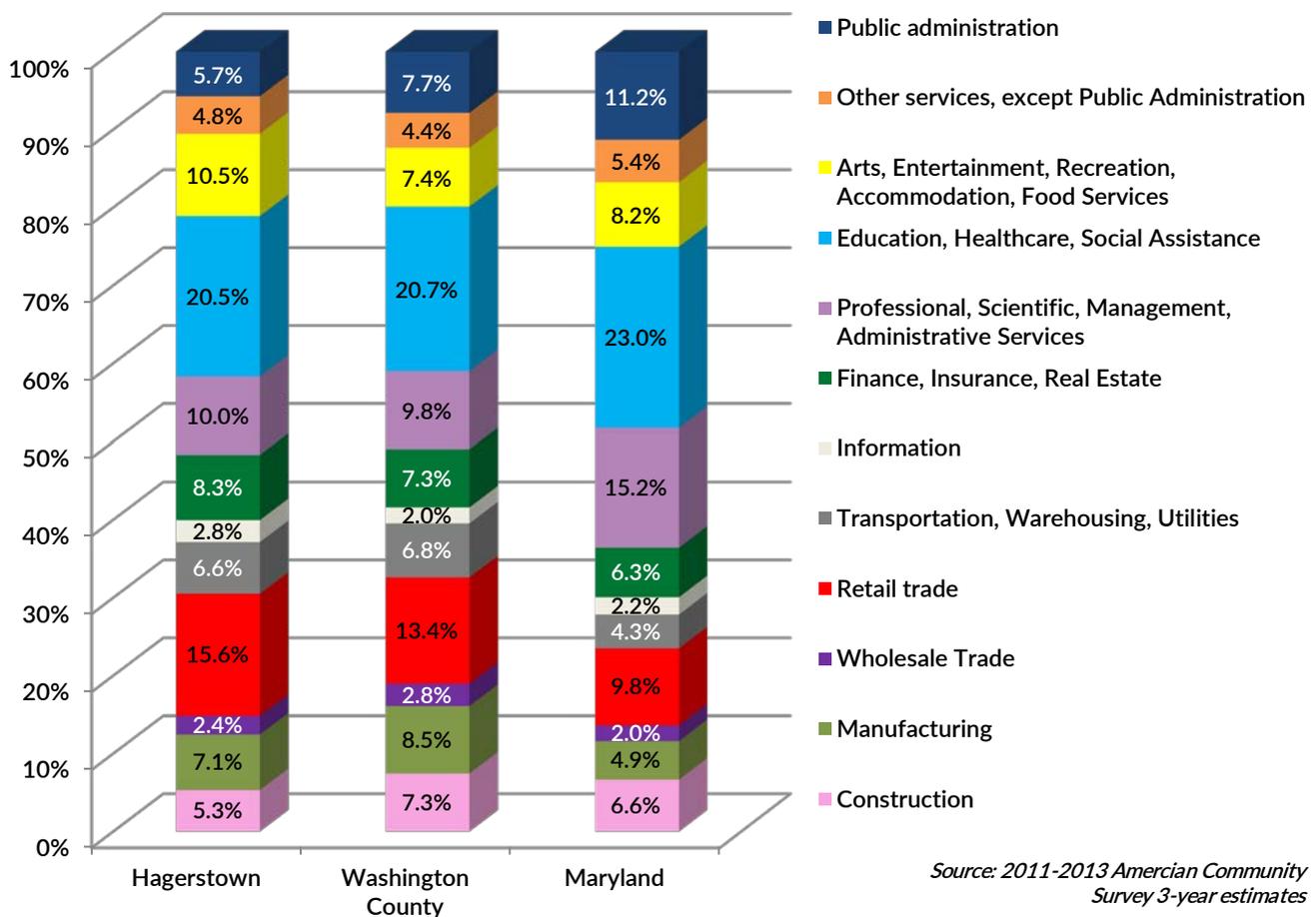
Source: Bureau of Labor Statistics, 2015

While Healthcare, Finance, Information, Accommodation and Food Services, and Professional Services employ more people, they may not necessarily be at higher wages. The median

household income for Hagerstown in 2013 was \$38,637, compared to \$55,700 for Washington County.

Figure 3-3 compares employment in various sectors in Hagerstown to other jurisdictions. When compared to the other jurisdictions, Hagerstown has a greater percentage of workers in sectors like retail trade, and transportation, warehousing, and utilities; however, the city lags behind in the professional services sector. Interestingly, Hagerstown has the smallest proportion of public administration workers – this may be related to others’ proximities to the Washington, D.C. metropolitan area.

Figure 3-3: Percentage of Workers by Employment Sector



Downtown Employment

Figure 3-4 shows employment data for downtown Hagerstown in 2012, specifically how many people work downtown in various employment sectors. Public Administration (35%) represents the largest employment sector followed by Professional Services (21.1%). Employment data for downtown is not limited to city residents, but rather represents workers commuting from Hagerstown’s fringe, Washington County, Pennsylvania, and West Virginia.

Figure 3-4: Downtown Employment Count (2012)

Industry	Examples	Count	% of Total
Education	Barbara Ingram School, USMH, Award Beauty School	134	4.1%
Healthcare/Social Assistance	Doctors' Offices, Clinics, Non-Government Social Services	306	9.3%
Institutional	Churches, Private Clubs, Art Galleries, Maryland Theatre	432	13.1%
Manufacturing	Foltz Manufacturing	10	0.3%
Communications/Media	Herald Mail, WHAG	253	7.7%
Professional Services	Offices (law, accounting, engineering, etc.), Plumbing, HVAC, Salons	696	21.1%
Public Administration	Federal, State, and Local Government Administration	1,151	35.0%
Restaurant & Retail	Restaurants, Shops	311	9.4%
Total		3,293	100%

Source: City of Hagerstown, 2012

Workforce Patterns

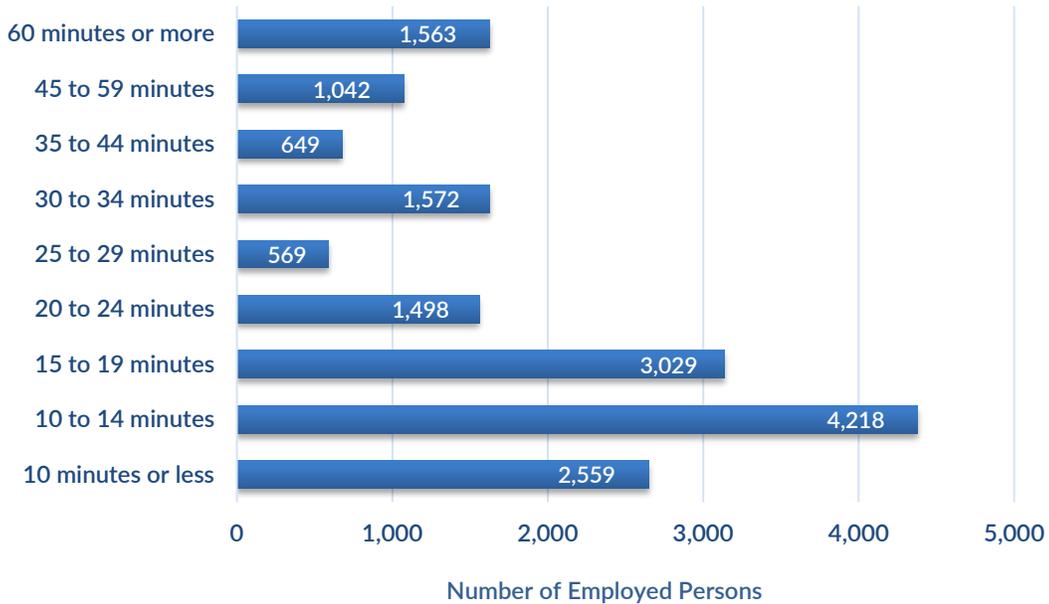
According to the ACS, approximately 17,318 Hagerstown residents participated in the workforce in 2013. This data is shown below in Figure 3-5. Approximately 17.3% of the workforce works outside of Washington County but still within Maryland – many of these individuals likely are working in areas closer to Baltimore and Washington D.C. Also, nearly 10% of Hagerstown's workforce works outside of Maryland (mostly in Pennsylvania, Virginia, and West Virginia). While many city residents work locally, nearly one-third of the workforce (32.3%) had a travel time to work that was 25 minutes or longer. These datasets show that there is a need for more employment opportunities in Hagerstown that could provide jobs to individuals who commute outside the area. Data on travel time to work for Hagerstown's workforce is shown in Figure 3-6.

Figure 3-5: Patterns of Hagerstown's Workforce

Subject	Count (Estimate)	% of Total
Total Persons in Workforce	17,318	100%
Worked inside Washington County	12,648	73.0%
Worked outside Washington County	2,994	17.3%
Worked outside of Maryland	1,676	9.7%

Source: American Community Survey 2011-2013, 3-Year Estimate

Figure 3-6: Travel Time to Work



Source: 2011-2013 American Community Survey, 3-year Estimate

Educational Attainment and Poverty

While the employment distribution noted in Figure 3-1 clearly shows Hagerstown transitioning away from an industrial and manufacturing center, the education levels of adults (those 25 years of age or older) has not significantly supported expansion of job in higher-paying industries. Adult educational rate estimates from the 2011-2013 American Community Survey indicate that about 83% of the adult population in Hagerstown are high school graduates but only 24% have an associate’s degree or higher – these figures are below State and National rates.

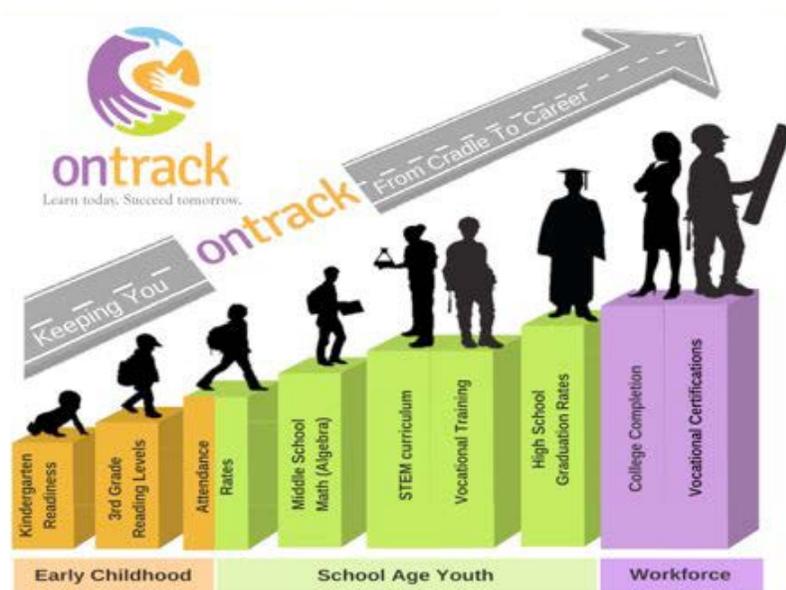
Hagerstown is also experiencing higher levels of poverty – in 2013 the American Community Survey estimated that 25.4% of Hagerstown’s population is at or below the poverty line (in 2013 the poverty threshold was an annual income of \$23,550 for a household of four). The poverty rate for the city is significantly higher than that of Washington County (12.7%) and Maryland (10.2%). The urban core of Hagerstown has a higher concentration of poverty - the neighborhoods north and west of Downtown are experiencing poverty rates in excess of 30%.

Poverty levels and educational attainment are often linked because having education is the one of the most effective means to raise household income. According to the *2014 Cradle To Career Readiness Report Card*, a worker in Washington County needed to earn \$633 per week to maintain a minimal independent lifestyle (e.g. one bedroom apartment, used car, internet access, and healthcare). In addition, the report stated the median wages for a worker with a high school diploma in Washington County were \$666 per week, versus \$757 per week for workers with an associate’s degree or special training. Median weekly earnings were \$492 for workers with less

than a high school diploma – this is significantly less than what is needed to maintain an independent lifestyle¹.

For this reason, the City of Hagerstown recognizes the need to provide greater educational opportunities to the local workforce to ensure that the available labor pool is prepared for employment in higher paying industries. This preparation is critical to the community’s goals to recruit new businesses with higher paying jobs and to provide suitable employment in our community for our citizens. It is recommended that public-private partnerships be explored to provide specialized and technical professional training for the local workforce, for formerly incarcerated local residents reentering the workforce, and for high school students. The Board of Education’s partnership with the Washington County Association of Builders and Contractors’ Barr Training Center on North Locust Street is one example of a program that pools resources to provide high school students with professional training in the trades. Other professional training programs for exploration could include culinary arts, hotel management, information technology, technical support for the arts, etc.

Another example of this is OnTrack Cradle to Career initiative, which is a coalition of independent community partners led by Greater Hagerstown Committee focused on improving the educational attainment levels of Washington County residents in order to strengthen the local economy and improve the community’s quality of life. The OnTrack initiative, through its partners, plans, analyzes, and shares data on college and career readiness in the community, creates benchmarks to help monitor progress from early childhood to workforce age, and encourages and facilitates collaborations and strategic action designed to address our educational



Graphic of age brackets monitored for progress by OnTrack

and vocational challenges². The City of Hagerstown is one of nearly 80 community partners and sponsors of OnTrack.

Land & Infrastructure Availability

Hagerstown’s postwar industrial strength brought prosperity to the city. Beginning in the 1960s, however, the national decline in manufacturing sapped some of the city’s economic strength. The shift of manufacturing and heavy industry to modern, one-story facilities served by trucks and

with access to the interstate highway system has made Hagerstown’s industrial sites inadequate.

¹ Greater Hagerstown Committee (GHC). [2014 Cradle to Career Readiness Report Card – Washington County, MD.](#)

² GHC Education Forum. [“Let’s Get Learning”: Jumpstarting a Major Education Movement in Washington County.](#)

This is apparent in the city's supply of vacant and underutilized land and buildings. As described in the Growth Management and Land Use element, more than 1,000 acres of land within the city's corporate boundaries are in need of re-use and revitalization. Forty percent (40%) of this land is zoned for industrial uses.

In 2013 the Washington County Economic Development Commission (EDC) published a report on infrastructure for land in the county and city targeted for economic development. For the purposes of the EDC's report, "infrastructure" referred to availability of utilities – water, wastewater, electric, gas, transportation access, and telecommunications access. The report analyzed areas targeted for economic development and scored them based on the availability of infrastructure. The ratings are as follows: "Excellent", "Good", "Marginal", and "Critical". Two of these areas include portions of the city – Eastern Boulevard and Dual Highway/Edgewood. The report generally scored the land available in the Eastern Boulevard region as "excellent" and "good" for infrastructure availability. The Dual Highway/Edgewood region was also scored as generally "excellent" and "good" for infrastructure availability.

Major Retail Center Occupancy

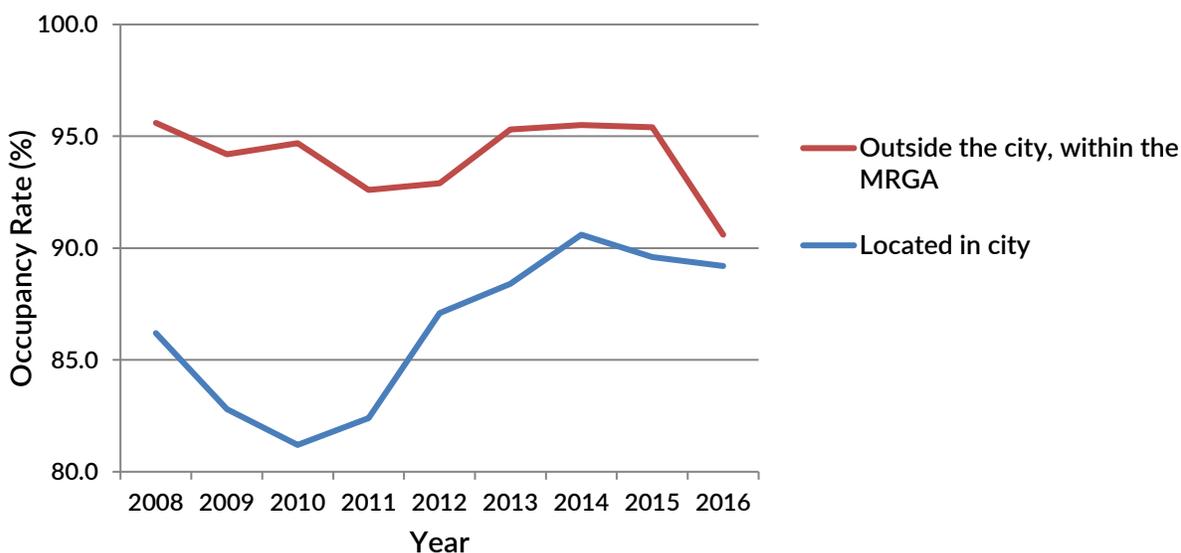
Since 2008, the City has been measuring the occupancy of major retail shopping centers (40,000 or more square feet) located within Hagerstown and the Medium-Range Growth Area. The purpose of this annual study to analyze how these levels have changed over time, which centers and types of spaces experience the highest and most frequent levels of vacancy, and how and which retail centers are adapting to a changing market. The annual report provides a summary of statistics and trends that can be useful tools for future land use planning and economic development, particularly determining future need for additional major retail centers to be constructed.

Currently there is approximately 5 million square feet of total major retail – 2.6 million square feet in the city and 2.4 million square feet in the MRGA. Figure 3-7 shows the aggregate occupancy rates for both inside the city and in the MRGA from 2008 to 2016. The data shows an overall recovery of retail center occupancy (with the exception of 2016) in the Hagerstown area since the 2007-09 Recession, and historically, occupancy rates have been remained slightly higher for centers outside the city.



Centre at Hagerstown Shopping Center, Garland Groh Boulevard

Figure 3-7: Occupancy of Major Retail Centers, 2008-2016



Source: City of Hagerstown, 2015 Shopping Center Occupancy Study

Economic Development Incentives

The Department of Community and Economic Development works to recruit new businesses to Hagerstown, and places special emphasis on higher-wage jobs.

The City of Hagerstown offers several incentive programs to support economic investment. These programs include the City-County Enterprise Zone, Partner in Economic Progress (PEP), First-Third Grant Program, Revolving Loan Fund Program, Sign and Façade Grant Program, Spring Sprout Grant, and numerous other incentives offered within the Arts & Entertainment District. Areas of economic investment incentives are identified on Map 3-1. The City should continue to support entrepreneurship by informing business enterprises about available incentive programs available in these areas.

The City is exploring the possibility of placing a Community Revitalization Improvement Zone (CRIZ) over the downtown. Inspired by a similar program in Allentown, PA, a CRIZ would allow developers to use state and local taxes offered by the City to construct and rehabilitate buildings in that zone, and the tax dollars are paid by businesses that move into the new developments. The intended goal is to make private investment in the CRIZ more cost effective for developers' investments and attracts new businesses by offering lower rents than other places in the city or in the county. In order to make this possible, the City will need to work with the Maryland General Assembly in order to create a CRIZ in downtown.

Hagerstown also recognizes that regional economic development initiatives are important for local job creation. Thus, the City works with the Hagerstown-Washington County Economic Development Commission, the Hagerstown-Washington County Industrial Foundation (CHIEF), the Hagerstown-Washington County Chamber of Commerce, Greater Hagerstown Committee,

and the Maryland Department of Business and Economic Development to recruit new businesses and jobs to the city and Washington County. Regional economic development efforts also involve balancing the City's growth needs with the County's economic development needs and target areas (please see the Growth Management and Land Use Element).

VisionHagerstown 2035 responds to the City's economic development issues by classifying land use areas specifically to be attractive to new businesses and industries, as described in Figure 2-7 and shown on Map 2-7.

- The Business-Employment (BE) areas are intended to attract non-retail businesses that generate significant amounts of employment. These areas are ideal for offices, office parks, light industrial parks, research and development facilities, and communication and high-technology facilities. Locations and lot sizes in the BE areas within the existing corporate limits of the city will generally support the needs of smaller businesses—those with fewer than 200 employees.
- Mixed Use (MXD) areas and the Downtown (D) are intended to attract businesses that are naturally attracted to urban settings like Hagerstown where they benefit from retail, office, residential, and government functions in close proximity to each other. The Downtown land use also facilitates small-scale, light manufacturing uses that will allow re-use of vacant and underutilized buildings. These smaller-scale manufacturing uses have increased in popularity in many urban centers across the United States since recovery from the 2007-09 Recession.

Regional Spending

Capturing a larger share of the region's retail and tourist spending will help to strengthen Hagerstown's economic base. Valley Mall and Premium Outlets are the region's major shopping destinations, but are located outside of the city. The Hagerstown region is also a popular tourist destination, especially tourists who visit Greenbrier State Park, the Chesapeake & Ohio Canal, the future restoration of the Conococheague Aqueduct in Williamsport, and Antietam National Battlefield and other Civil War resources. However, Hagerstown receives little economic or fiscal benefit from retail and tourist activity at these locations – this is reflected in county hotel/motel tax revenue. In Fiscal Year 2015 only one-third of spending on lodging in Washington County (approximately \$34 million) was within Hagerstown (approximately \$11.4 million)³. The challenge is to attract more retail and tourist spending to the city itself.

Economic Revitalization Initiatives

The Downtown Element of *visionHagerstown 2035* emphasizes the continued revitalization of downtown as a response to this challenge. As a regional center, the downtown has an important influence on citywide economic development. The City and County government—two of the region's largest employers—are in the downtown, as is the region's largest concentration of office

³ Spending figures for FY 2015 (7/1/14 to 6/30/15) are estimated based on the aggregate hotel/motel tax revenue for each hotel in Hagerstown and Washington County divided by tax rate (6%).

space. Some of the city's economic development successes have been spurred by redevelopment in and revitalization of downtown Hagerstown. Facilities such as the University System of Maryland Hagerstown (USMH), the Alice Virginia and David W. Fletcher Branch of the Washington County Free Library, Barbara Ingram School for the Arts, and new restaurants and offices in the downtown have greatly supported revitalization efforts. To further support this and other investment, downtown needs to attract residents with discretionary income with a desire to live in or near downtown.

While the City has routinely undertaken community and economic development projects and initiatives intended to support economic activity in the urban core (e.g., support for new and expanded cultural and educational anchors, parking and streetscape improvement projects, blight eradication projects, incentive programs for private investors, etc.), it is clear that community awareness needs to be raised and support for the City's downtown vision and plan as well as investor confidence in the strategies recommended to implement that vision. To help achieve this, the Sustainable Community Plan was adopted by the Mayor & City Council in 2012. The Sustainable Community Plan, which replaces the Community Legacy Plan, serves as the document for the community's plan for revitalization of Hagerstown's Urban Core and carried forward the goals and strategies recommended in the Downtown Element of the 2008 Comprehensive Plan and then further refined the recommended strategies with input of a community stakeholders group. The six major themes of the Sustainable Community Plan, each with their own implementation actions, include: 1) supporting existing communities and reducing environmental impacts; 2) value communities and neighborhoods; 3) enhancing economic competitiveness; 4) promoting access to quality affordable housing; 5) supporting transportation efficiency and access; and 6) coordinating and leveraging policies and investments.

In 2013 the City hired Urban Partners, a Philadelphia-based planning and economics consultant, to undertake an economic analysis and implementation plan known as the Community's City Center Plan. The scope of work for the plan included an economic analysis of Hagerstown's 2012 Sustainable Community Plan and extensive community engagement exercises. These exercises developed tactics and strategies to implement the Sustainable Community Plan's objectives and build community support for the City's downtown vision and projects intended to catalyze revitalization. As a result of analyses and the community engagement, eight (8) projects to catalyze downtown development were developed, and Final Report was accepted by the Mayor & City Council on June 16, 2014. A more detailed discussion of the Community's City Center Plan is in the Downtown Element section of this Comprehensive Plan. The Comprehensive Plan recognizes the importance and feasibility of these projects and will incorporate the Community's City Center Plan into *visionHagerstown 2035's* implementation.

Hagerstown's two and a half centuries of history, its National Register historic districts, and its Industrial Revolution-era buildings are also important tools for attracting tourist dollars to Hagerstown. The Historic National Road Scenic Byway, the nation's first federally funded interstate highway, passes through our community along ALT 40 and US 40 and the historic resources and vistas along the byway have significant impact on heritage tourism. As described in the Downtown Element, the city is part of the Heart of the Civil War Heritage Area.

Hagerstown has an approved Management Plan for this area, and was certified by the Maryland Heritage Areas Authority on July 13, 2006. The Maryland Scenic Byway program and the Heritage Areas program encourages communities to identify, protect, and promote their unique heritage and to capitalize on that heritage through economic development tourism initiatives. State funds and assistance will be made available for interpretive and infrastructure improvements in State-approved heritage areas. As part of the Heart of the Civil War Heritage Area, a Target Investment Zone (TIZ) has been designated in downtown Hagerstown (see Figure 6-2), and the Downtown Element lists specific revitalization strategies for the TIZ.

Economic Development Policies

- Policy 3-1.** Hagerstown will continue to recruit service-sector, high-technology, and other businesses that offer high wages and strengthen the city's economic and fiscal base.
- Policy 3-2.** The City will pay special attention to the needs of small businesses that are particularly attracted to locating in cities.
- Policy 3-3.** Support efforts to attract new businesses by encouraging redevelopment and re-use of vacant and underutilized land, including brownfield and large commercial sites, especially in those areas designated for Business Employment on Map 2-7.
- Policy 3-4.** Hagerstown's local economic development efforts will continue to contribute to county and regional economic development initiatives.
- Policy 3-5.** Hagerstown will continue to emphasize downtown revitalization and development, to reinforce the downtown's role as the region's economic, cultural, institutional, educational, and arts center.
- Policy 3-6.** The City will continue to implement the recommendations of the 2012 Sustainable Community Plan and the 2014 Community's City Center Plan.
- Policy 3-7.** Hagerstown will continue to monitor the concentration of poverty situation in the city and assess impacts of programs designed to serve the populations affected by poverty.

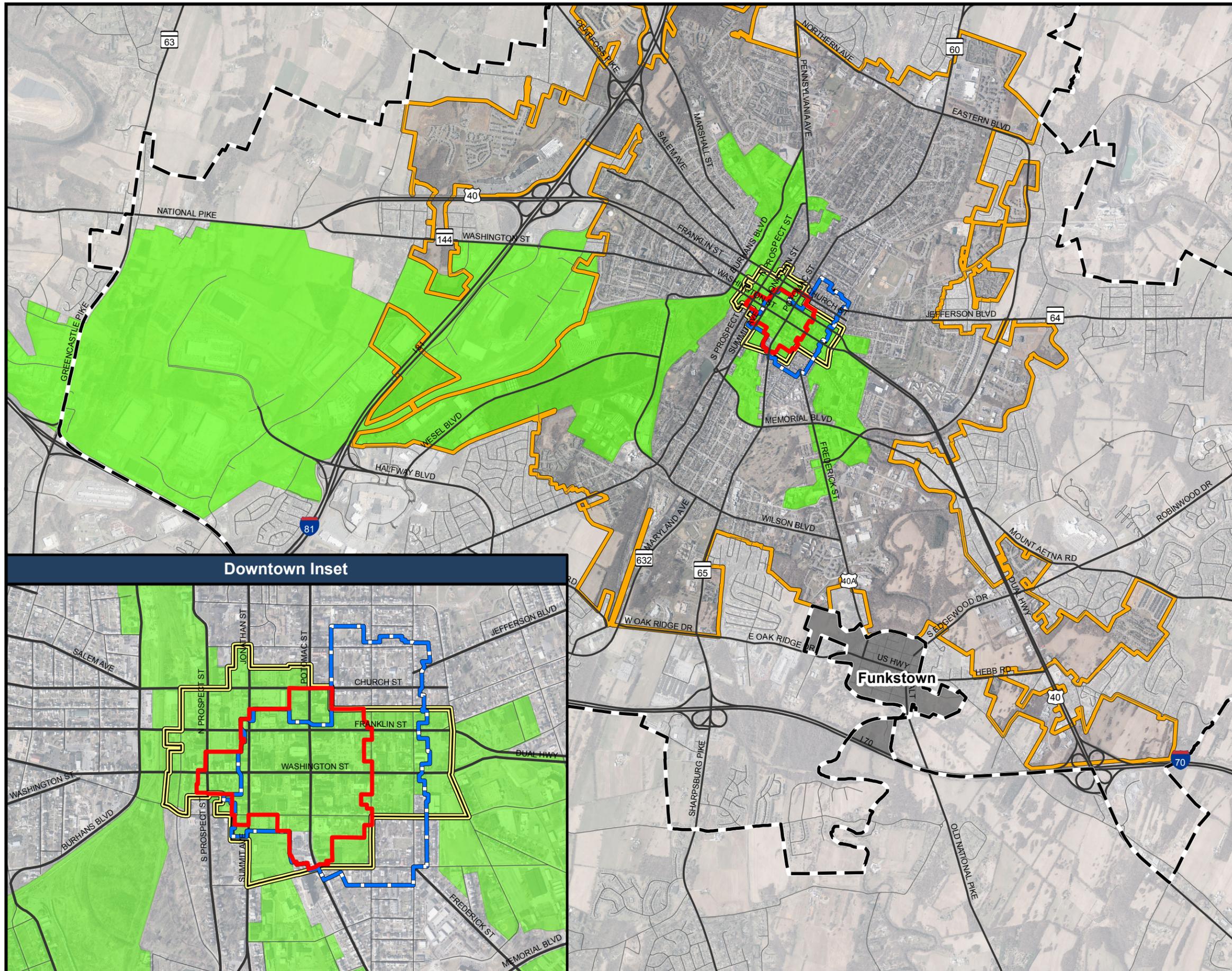
Economic Development Implementation Actions

- Action 3-1.** Implement economic development-relations actions of the 2012 Sustainable Community Plan.
- Action 3-2.** Implement the catalyst project recommendations of the Community’s City Center Plan.
- Action 3-3.** Encourage and facilitate development of vacant land and redevelopment of underutilized properties for commercial, industrial, and business employment uses.
- Action 3-4.** Pursue regional economic development strategies and programs through continued cooperation with the Hagerstown-Washington County Department of Business Development (including the Enterprise Zone), the Hagerstown-Washington County Industrial Foundation (CHIEF), the Maryland Department of Business and Economic Development, the Hagerstown-Washington County Chamber of Commerce, the Convention and Visitors Bureau, and other appropriate organizations.
- Action 3-5.** Implement the revitalization and development strategies and actions in the Downtown element of *visionHagerstown 2035*.
- Action 3-6.** Work with the Maryland General Assembly to establish a Community Revitalization Improvement Zone (CRIZ) in the city.
- Action 3-7.** Explore public-private partnerships to provide specialized and technical professional training for the local workforce and for high school students.
- Action 3-8.** Encourage job creation through the support of entrepreneurship programs and initiatives.

Map 3-1: Economic Incentive Areas



-  Local Street
-  Major Road
-  Corporate Boundary
-  Medium-Range Growth Area
-  Partners in Economic Progress (PEP) Zone
-  Arts & Entertainment District
-  City Center (CC-MU Zoning District)
-  Enterprise Zone



Downtown Inset

Funkstown



Map Projection: NAD83 State Plan Maryland FIPS (feet)
Data Sources:
City of Hagerstown, 2017; State of MD Imagery, 2014
Washington County, 2016

Prepared By:
Hagerstown Planning & Code Admin Dept, 01/27/17 (rev. 10/27/17)

