Live Downtown Frederick Case Study Project
This report was prepared on behalf of Downtown Frederick Partnership. The Partnership would like to thank those who graciously assisted in preparing this document, including:

--The City of Frederick, especially Grace Bogdan, our point of contact, who was incredibly responsive in facilitating meetings, identifying key issues, assisting in research, and generally helping us find information regarding the City’s review and approval process. We also would like to express our appreciation to many other City employees who were professional, courteous and patient with us as we documented the City’s review and approval process, and for generously providing useful insights relating to their respective areas of responsibility, including Joseph Adkins, Gabrielle Collard, Matthew Davis, Janice Dorcus, Cherian Eapen, Lisa Mroszczynk Murphy, Deborah Patterson, and Gene Walzl.

--Members of the Partnership’s Design Committee including Matt Edens, Lisa Graditor, Eric Soter, and Grace Bogdan, for reviewing and assisting with the editing of interim drafts, as well as their initial help providing the baseline characteristics for each of the prototypical examples used in the study.

--Members of the community, historic preservation professionals, local builders and housing experts, who graciously provided input during the preparation of this document, helping this study to accurately reflect the local market conditions relative to regional indices.
Introduction:

Frederick is a beautiful city with a proud history and an engaged citizenry, intent on protecting its unique qualities while actively encouraging its continued growth and evolution as a living and thriving community. Part of that effort includes the management and oversight of building and development within the City, both the ongoing maintenance and rehabilitation of existing buildings and their productive use, as well as new infill development and adaptive use.

In 2015, Downtown Frederick Partnership undertook a strategic planning process to identify key opportunities for taking Downtown Frederick to its next level of evolution over the next five years. The focus areas of the Partnership’s resulting 2020 Strategic Plan include Live Downtown, Work Downtown, Stay Downtown, Play Downtown, and Connect Downtown.

This Case Study Project concerns itself exclusively with the Live Downtown Strategic Goal of welcoming 335 new residents by 2020, which is seen as a critical policy initiative not only for the Partnership, but also for the City and the Region as a whole. The goal states that “people living downtown keep us real. Reusing, adapting and growing our building stock is the sustainable path we plan to take. More residents bring business, making downtown an ever better place to live.” One of the action items identified the removal of regulatory barriers in order to achieve the stated goal.

Additionally, more residents living downtown makes better use of existing infrastructure and transportation assets, reduces demand for new greenfield development and its impacts on the region’s natural systems, and helps strengthen the City’s tax base by supporting local businesses, as well as cultural institutions.

The Case Study Project builds on an earlier survey which solicited input from the Frederick County Building Industry Association, the Affordable Housing Council, the Frederick County Association of Realtors, government staff and other stakeholders, regarding perceived impediments to, and incentives for, increasing the amount of housing downtown.

Using a case-study approach, based on five prototypical infill development scenarios, the Case Study Project specifically looked at policy-related impacts which were assumed to influence the relative cost, complexity, and risk associated with building housing in the downtown core, relative to the surrounding community, and measured those impacts using objective, quantifiable performance criteria to provide an accurate and concise comparative analysis of different policy-based alternative scenarios.

Finding the right balance between protecting the City’s historic assets, while offering safe and compelling housing options to the market, presents a unique regulatory challenge, both for staff and for those interested in living and building in Downtown Frederick. While the current project review and approval process generally rewards the patient and well-prepared, it remains a complex and challenging undertaking for the uninitiated, and current market rents struggle to match the perceived cost and complexity of building downtown, particularly when the amenities of the City can be so easily accessed from close by.

Given this, the Case Study Project focused primarily on identifying those policy-related aspects of the project review and approval process which appeared to offer the greatest net benefit in terms of lowering impediments and increasing incentives for providing more housing in Downtown Frederick that is reasonably affordable to the broadest range of people.

Methodology and Approach:

The study is based on a case-study approach, using five prototypical examples representative of typical development/rehab conditions in the downtown area. The following steps outline and describe the Study’s overall approach and methodology.

Develop Five Case Study Prototypes.

Using representative project parameters provided by the Partnership, the Consultant Team generated five case study base models to establish existing conditions and assumptions common to each example. These prototypes then were used to model different development scenarios and alternative regulatory and policy applications.

Develop a Cost and Expense Chart for Each Case Study.

A financial model then was created for each prototype, using base assumptions vetted and confirmed by both City staff and local real estate consultants and professionals, documenting the full range of project specific expenses, including all relevant governmental application, user, and impact fees for each prototypical example. These models then were used to test different assumptions and development scenarios and compare the costs associated with each.

Identify & Quantify Financial Impacts From Regulatory Requirements.

Based on this sensitivity analysis, the Study sought to document both the individual and cumulative net effects different policy scenarios produced, using a set of standardized performance metrics applied to each example. The target metric was the assumed return on investment (ROI) each project needed to hit to meet feasibility standards for the market, given the level of risk and opportunity costs involved. Each alternative then was rated in relation to what would be a poor, acceptable, or good return on investment.

A comprehensive detailed flow chart was used to document and confirm the specific project review and approval process for each prototype example and the alternative strategies applied, with the intention of measuring the cumulative effects of additional policy recommendations used until project feasibility was attained. Specific emphasis was placed on alternative policy approaches which yielded the greatest net benefit in terms of mitigating project risk and uncertainty, or enhanced return-on-investment.

Quantify the Impact of Density Alternatives.

Using the prototype models, the Case Study Project also looked at the likely feasibility of achieving the maximum number of housing units downtown allowed by zoning, based on a variety of different policy and market assumptions, as well as the physical constraints and design limitations imposed by each set of prototypical site assumptions. The analysis then looked at what effects different regulatory, policy, and market considerations had on each scenario, based on the goal of maximizing the number of units achieved.

Quantify the Impact of Phasing of Fees & the Impact of Scheduling.

The cumulative impacts of the scheduling of fees, and their potential phasing, as well as the impact of the overall regulatory process schedule and time frame were modeled, to the extent possible. Their effects were noted in terms of the project performance metrics.

Assess the Impact of Historic Preservation Regulations.

The impact of historic preservation guidelines and regulatory requirements were similarly reviewed and noted, both perceptually -- through

---

Live Downtown Frederick Case Study Project
interviews with local real estate, development, and consultant professionals -- as well as their tangible impact in terms of real costs, and perceived opportunity costs and overall project risk and uncertainty.

Provide Simple Illustrations for Each Case Study Alternative.

And, lastly -- the Case Study Project used simple schematic images, to generically represent the alternative scenarios generated during the iterative modeling and data gathering process, to help illustrate the specific issues relevant to each prototype from a physical planning and regulatory perspective, and provide further insight into the challenges and constraints pertaining to each type.

The five prototypes, as identified by the Partnership, ranged from small-scale rehab/remodeling to new infill development, and cover a broad spectrum of project types including adaptive use and small and large site infill/redevelopment, each with their own set of challenges and opportunities. This Case Study Project focused primarily on systemic issues that are common to each type, such as fees and regulations, but also attempted to isolate and test how those issues manifest themselves based on the different circumstance unique to each example.

Specifically, the Consultant Team:

- Developed a spreadsheet for each of the five case-study prototypes outlining the project costs related to each prototype (based on industry standards for Frederick), taking into account additional expenses associated with working in a constrained area. This spreadsheet included all pertinent regulatory costs and fees, as well as expert consultant fees consistent with the added complexity of small-scale infill development and redevelopment.
- In addition to carrying costs, all relevant assumptions informing how those costs were measured and quantified. This included the relative impact of the City’s historic preservation guidelines, or any other review and approval standards and criteria specific to the City’s historic core, compared to the immediate competitive context.
- The spreadsheet also identified costs that would be passed on directly to the end-user, either as an impact fee and/or in terms of an ongoing cost related to the project study area, such as local property taxes or off-site parking fees. By interactively modifying different variables in the spreadsheet, the Consultant Team was able to do a sensitivity analysis by modeling different policy-related scenarios, using alternative assumptions to independently measure the relative impacts of different City regulations, allowing the team to isolate and identify which regulatory changes will provide the greatest net benefit to the end-user at the least cost to the City.
- The spreadsheet also evaluated and documented the net impacts of other strategies focused specifically on enhanced ROI, such as increasing density (more units within the same building envelope) reducing Adequate Public Facility Ordinance (APFO) thresholds, impact fees, prevailing wage rates, or any other cost which may affect the overall level of affordability per unit. This analysis also considered factors which may affect the length of time necessary to complete the approval process and the associated carrying costs, relative to local competitive benchmarks, and evaluated strategies for reducing these costs or perceived risks, including fast-track approval alternatives, and the use of a City Ombudsman to help facilitate and manage the development review process, on an individual project basis.
- This approach allowed for the efficient and accurate testing of different variables across a range of alternative scenarios, specific to each prototype, quickly comparing existing, worst-case, and best-case scenarios against competitive benchmarks, allowing informed policy judgments to be made based on a demonstrated cost-benefit analysis.
- Whenever possible, for directly comparable fees, these findings are represented in terms of actual dollars and/or provided as “order-of-magnitude” relative costs, based on industry standards for the local market. The Consultant Team also used these initial findings to solicit input and validation from local builders, developers and other real estate professionals to help ensure all of project assumptions were credible relative to local market norms and conditions.
- The digital models used to quantify and evaluate the relative development capacity of each prototypical site also were compared against existing projects recently built in the City, to confirm their general similarities for the purpose of calibrating our assumptions.

Research and Outreach:

In preparing for this Case Study Project, the Consultant Team undertook an extensive, multi-prong approach in researching and documenting the myriad factors effecting the development of housing in Downtown Frederick.

The first step was to acquire a copy of the City’s Land Management Code, and to review all of the relevant codes, regulations, and fees affecting downtown development, as well as the processes by which projects were reviewed and approved. These were carefully documented in terms of the various application, processing, and impact fees, but also in terms of the processes themselves.

This information was then used to graphically document and confirm the various steps each of the prototypical examples would go through from initial application through final review and approval, and also to help create the financial models by which the feasibility of each project would be tested, as well as any policy-based alternatives.

A second step was to meet with City staff and solicit their perspective on the process, as well as the associated costs, and to confirm the Consultant Team’s interpretation of policies and regulations. The Consultant Team also checked back with City staff periodically throughout the study for further clarifications and/or specific information regarding various aspects of project review and fee assessment/allocation process, including typical time-frames for review and comment, as well as how many iterative loops a typical project might require prior to gaining approval.

An additional component of this step was a detailed review of actual case files from projects similar to the prototype examples (the assumptions on which those were based, were provided by the Partnership), to get a practical sense of a typical project, including the kinds of issues encountered and how they were resolved, and also to establish an independent assessment of staff performance and the efficiency of the process in general.

The third and final step was to outreach to, and engage with, local builders/developers, expert consultants, and other real estate professionals, currently working in the market, to help inform and validate the study assumptions on which the financial models were based, and to compare their anecdotal experiences with the Consultant Team’s research and analysis.

All three of these steps were revisited constantly throughout the study process, as new information became available, and as the models themselves were continually refined and cross-referenced to more closely match confirmed findings and assumptions, to provide the highest level of confidence in the conclusions reached.
General Assumptions:

In order to make this study and the sensitivity analysis within it as accurate and relevant to the downtown as possible, certain assumptions were made regarding the Prototype Case Study examples, and the downtown housing market, in general.

Working closely with Downtown Frederick Partnership, it was decided that most of the infill development/redevelopment scenarios typically found in Downtown Frederick could be broken down into one of five types:

1.) a simple, small lot residential rehab/remodel;
2.) a more involved rehab/renovation of a four-story building, with ground floor retail, including some interior demolition and a possible change-in-use, as well as some exterior modifications, on a small lot;
3.) a larger, one-acre parcel, with an existing building on about a quarter of the site, the rest being used for surface parking;
4.) an even larger, roughly two-acre site, with a collection of existing buildings housing a variety of commercial/light industrial uses; and
5.) an undeveloped half-acre parcel, with no current active use.

Each of the last three sites would obviously involve some type of new, infill construction, and possibly some demolition and adaptive reuse, and unlike the first two prototype examples, required some modest experimentation to arrive at a redevelopment strategy which would produce the ideal balance of housing units generated relative to the rate of return on investment (ROI). These prototypes, in turn, were compared against other recently completed projects in the study area to see if they generally resembled the strategies and approach arrived at for the study examples.

Square Foot Unit Costs:

The Consultant Team started with a generic set of square foot unit-cost assumptions, based on regional industry standards, for all of the conditions represented by the five prototype examples, and then modified each unit cost assumption based on the specific characteristics of each prototype model, including project size, type and complexity. These assumptions then were compared with the cost data and other information gathered through the outreach efforts with local builders, developers, relevant expert consultants, brokers and other local real estate professionals, and further refined. Where the empirical data collected produced a range of estimated costs for otherwise similar projects (typically based on the target end-consumer and level of finish), a reasonable middle number was used, based on the Consultant Team's experience and professional judgment.

Policy and Regulatory Costs:

Due to the nature of the study and its focus on policy-related strategies for achieving more housing downtown, once a reasonable set of base construction cost assumptions was completed, any and all policy-related and/or regulatory costs which could be precisely determined in exact dollar amounts, specifically -- fees, were duly noted and used to inform the financial models and sensitivity analysis. Whenever possible, those numbers were further corroborated with appropriate sources.

Unit Type, Size and Mix:

Using a variety of local real estate comparables, the team then made reasonable assumptions regarding unit type, size and mix, and other market-related standards, including minimum parking requirements for each base condition. These assumptions were later modified as part of the alternative testing of the financial models to determine the net effect these modifications might have on the number of units created, and/or the rate of return produced, for each alternative scenario tested. The results of these tests were later used to inform the recommendations at the end of the report.

Affordability Index:

Also, an 'affordability index' was created to determine the approximate household incomes that would be required to either rent or purchase a unit in any of the examples, as a benchmark to gauge the potential market capture for each prototype, and to compare that against other units currently available in the Frederick sub-market. The intent was to ensure that the assumptions used to inform the analysis delivered units that were affordable to a broad spectrum of potential buyers and renters, interested in living in Downtown Frederick.

Return on Investment:

Assumptions regarding acceptable rates of return on investment (ROI) were made for each of the example types, recognizing that the types of local investor/builders involved in doing the smaller renovation and infill projects would likely have a greater tolerance for lower returns than would larger regional builder/developers and institutional investors. A feasibility rating for each alternative model was noted, based on an assumed minimum return of between 6 to 7.5%. Returns less than that range were considered unfeasible, and returns of more than 7.5 to 9.0% were rated as minimal returns consistent with the risk associated with real estate development in downtown. It should be noted that this is a relative assessment and that many local builders and investors suggested that returns of 10% to 12%, or more, are necessary to justify the risk of a real estate project in this challenging context.

In general, these suggested ROI may be a higher threshold than what might be tolerated for a suburban site, given the more unpredictable nature of building downtown. However, it also was assumed that the local builders currently working in downtown were more familiar with both the process and the complexities of working downtown, and used that knowledge to their competitive advantage. Nonetheless, for the purpose of this study, the broader industry market standards were used in characterizing the attractiveness of the ROI relative to the perceived risk and uncertainty.

Sales Price and Market Determinants:

To determine sale price/market value for each of the prototype examples, local capitalization rates for similar properties, newly constructed and/or recently renovated to comparable standards, were used. These local capitalization rates then were divided by the net annual operating income of property to arrive at a theoretical market valuation. In general, these properties do not meet the asset class standards of large institutional investors, due to their relatively small size and associated operational inefficiencies, which is reflected in the cap rates used for each example, though many such properties in the downtown are owned by smaller scale investor syndicates and/or private investors.

As a final evaluation of project feasibility, these market valuations were compared to overall project costs for the pre-development, construction, and lease-up phases of the project. If the costs exceeded the valuation, the project was considered unfeasible. Where valuation exceeded the project costs by 15% or more, the project was considered feasible and generally consistent with the level of risk associated with the project in the downtown context.
Defining the Study Area

For the purposes of this study, the team has defined Downtown Frederick as that area that is generally included within and/or adjacent to the following streets:

- 9th Street to the north;
- the East Street Small Area Planning Area to the east;
- South Street and East Street extended, including the Brickworks property to the south; and
- Bentz Street to the west.

The Downtown Parking District is depicted in the dashed black line, and generally comports with the 'core' downtown area. Section 607(c)(1) of the Land Management Code states that the minimum parking requirements established in Table 607-2 (Parking Schedule) are one-half the requirement in the DB, Downtown Business, and the DBO, Downtown Business Office, zoning districts.

Section 607(c)(2) further states that the minimum parking space requirements of Table 607-2 do not apply to new buildings or additions to buildings that have a gross floor area of 40,000 square feet or less and are constructed on parcels that are zoned DB, DBO, or M1, and are located within the Downtown Parking District.
Zoning Districts within the Study Area

As can be seen in the zoning map, much of the study area is in the DB, Downtown Business, and the DBO, Downtown Business Office, zoning districts. It should be noted that there is a significant portion of the study area located in the DR, Downtown Residential zoning district; the M1 and M2 industrial districts; and the MU-1, Mixed-Use zoning district. Smaller portions of the study area are included in other zoning districts such as GC, General Commercial, R-8, Residential and the Institutional Overlay.

For this study, prototype development assumed either DB, Downtown Business, or DBO, Downtown Business Office zoning. However, much of the prototype development could also be applied to other zoning districts in and around downtown, including the DR, Downtown Residential, and the MU, Mixed Use zoning districts.
Review and Approval Process

The overall development, review and approval process for changes of use, building modifications and new development are defined in the Frederick City Code, with specific references and details in Appendix A, the Land Management Code. The generalized flow chart included in this report is intended to provide the reader with a simplified road map of the process.

It should be noted that the illustrated process is not all inclusive and does not fully explain the complexity of the review and approval process. For example, the illustration of the review and approval process does not include elements of the process that typically may not occur in downtown such as Comprehensive Plan amendments, annexations, area plans, rezonings, master plans, and conditional use applications. It also does not include unique processes that may apply to properties and applications on a case-by-case basis such as non-conforming uses, variances, modifications, and road abandonment. It should also be noted that the archaeological review process is required on all projects but is not depicted.

Approval and ultimate construction within the City is a complex inter-relationship of several different review commissions and departments. For smaller projects within downtown, the process generally includes ten (10) steps with private sector planning preceding the process and leasing and sales completing the process.

The generalized steps in the process include:

1. Pre-Submission Planning by the Applicant
2. Pre-Application Review
3. Subdivision and Preliminary Plat
4. Site Plan Review
5. Certification of Adequate Public Facilities
6. Forest Conservation
7. Historic Preservation Review
8. Engineering and Improvement Plans
9. Subdivision and Final Plat
10. Zoning/Building Permits
11. Construction/Inspections/Certificates of Occupancy
12. Lease up and Sales by the Developer/Builder

Several of these steps often occur simultaneously while others must follow a more linear pattern. For example, certification of adequate public facilities and forest conservation review typically occur simultaneously with development plan reviews including preliminary plat and/or site plan. While other reviews such as Historic Preservation Commission reviews of exterior improvements within the Historic District Overlay must occur in a specific and defined way, with required interrelationships with development plan reviews. Additionally, it should be noted that much of the detail of the process is included. The reader is directed to the code for more information. Where possible, code references have been included on the process graphic.
Prototype Development

The Consultant Team was tasked with the development and analysis of five (5) prototypical development scenarios that most likely would occur within the study area.

- **Prototype A:** Remodeling of an existing residential building, with minimal exterior changes. The property is within the Historic District.
- **Prototype B:** Adaptive reuse of an existing commercial building in order to provide new residential units on the upper floors. The upper floors currently are vacant. The property is within the Historic District.
- **Prototype C:** A consolidation of two relatively small and adjacent lots, one vacant and one occupied by an existing two-story building that is a contributing historic resource and currently is used as offices.
- **Prototype D:** A larger development parcel with multiple development options and the potential for a partial demolition of the existing historic resources. This property is within the Historic District and the existing buildings are used as offices.
- **Prototype E:** This is a vacant, and relatively small, infill property that is not within the Historic District.

Each of these prototypes were further analyzed and options and alternatives were considered in order to identify opportunities and constraints for each development type. The details of each of these prototypes and the considered alternatives are on the following pages. Details and analysis also are included in the Appendix.

Prototype: **A** Remodel/Rehabilitation of an Existing Residential Building

Prototype: **B** Adaptive Reuse of an Existing Building
Prototype: **C**  Infill / Redevelopment - Small Site & Existing Building

Prototype: **D**  Infill / Redevelopment - Large Site & Existing Buildings

Prototype: **E**  New Infill Development - No Existing Buildings
Behind the Numbers

A pro-forma is a financial model of anticipated expenditures and estimated revenues, to allow an investor/developer to make informed judgments as to the financial feasibility/attractiveness of a given development alternative. It is based on a set of reasonable assumptions.

A simplified pro-forma model was used in the Downtown Housing Study Project in order to identify the financial feasibility of each scenario studied and to have a common set of metrics in order to compare various policy alternatives.

On the following pages, each of the prototypical case studies, and the alternative scenarios, includes a summary of the major cost and revenue elements. It also includes a color-coding for return on investment and market valuation.

The following is a brief explanation of each of the summary elements and the underlying assumptions that are included in each pro-forma analysis.

Governmental Fees: Includes all application fees, inspection fees and impact fees that may be charged to a real estate project in the City. Each scenario included a customized chart based on the project type, scale and previous requirements. Note that detailed engineering department bonding requirements are not included but are assumed elsewhere in the pro-forma.

Impact Fee Totals: This is a summary of all ‘major fees’ that are listed including impact fees for libraries, schools, water and sewer, as well as fees-in-lieu, parkland facility fees, fees associated with fire code compliance, and MPDU housing fund payments.

Land Acquisition/Basis: This figure is intended to represent the market value of the existing improvements. For purposes of this study, the full value was assumed as a cost to the project.

Design: Includes professional design fees for architects, civil engineers, landscape architects, soils analysis, specialty consultants, graphics and renderings, reimbursable expenses, and other miscellaneous services.

Off-Site Improvements: This is a subjective estimate of potential improvements such as road improvements, water and/or sewer line upgrades, or other public improvements not specifically a part of the on-site construction.

Demolition: The estimated cost of demolition of existing structures or portions of existing structures, based on a rate of $15-18 per square foot.

Construction: Includes estimated costs for building construction, parking, site improvements, and other miscellaneous expenses such as signage, testing, inspections, builder’s risk insurance, security during construction, energy management, change orders and miscellaneous construction expenses. Construction costs were estimated based on the building construction type and project complexity.

Soft Costs: Includes estimated costs for advertising, promotional events, brochures, signs, commissions, legal fees, travel, office overhead, start-up costs, real estate taxes, insurance, development fees, and other miscellaneous soft costs.

Financing: Includes estimated costs for construction loan fees, title insurance, lender’s counsel, appraisals, surveys, letters of credit, construction interest payments, and other miscellaneous financing expenditures.

Scheduling: Estimated time frames based on project type and level of complexity. Pre-development phase includes steps 1-9 in the process chart. The construction phase includes steps 10 and 11, and the lease-up phase includes step 12.

Density Achieved: Number of total dwelling units achieved divided by the project area.

Governmental Fees per Dwelling Unit: Total governmental fees divided by total dwelling units.

Market Rent: Estimated monthly rent established at the end of the construction phase. Rents were subjectively modified based upon estimated unit size, quality of improvement, and whether the unit was new construction or renovated space.

Affordability Index: Subjective estimate of minimum annual household income necessary to afford the proposed dwelling unit based on established market rent, with rent payments not exceeding 33% of the gross household income.

Interest Rates: Interest rates were assumed to be fixed at 7.0% for the entire project time frame.

Development Fee: Assumed to be 3.0%.

Projected Annual Revenue: Estimated gross rental revenue from residential dwellings less 20% for residential operating expenses and taxes. Where a commercial component is included, additional rental revenue was assumed based on triple net rental agreements at $24-30 per square foot.

Return on Investment: Estimated return based on annual income divided by total project cost in year one after lease-up. Projects with less than a 6% return, where identified as poor investments and noted with a ‘red circle’ in the scenarios. ROI between 6.0 and 7.5% were identified as marginal (orange), 7.5-9.0% as fair (yellow), and more than 9.0% was considered a ‘good’ investment (green).

Estimated CAP Rate: Estimated capitalization rate based on similar projects in the market. For minor renovations within existing historic structures, a capitalization rate of 8.5% was used. New construction assumed 6.3%. Capitalization rates were blended for projects with a combination of new construction and historic renovations.

Market Valuation: Assumed value of the project in year one after lease-up based on the estimated annual revenue divided by the capitalization rate.

Market Valuation vs. Project Cost: If costs exceeded valuation in year one, the project was identified as infeasible and noted with a ‘red rectangle’ color coding in the scenarios. If the valuation exceeded costs, as expressed as a percentage, then the project was identified as either marginal (orange at 0-7.5% over), fair (yellow at 7.5-15% over), or good (green at more than 15%). A legend has been included on each prototype page for reference.
Prototype A: Remodel/Rehabilitation of an Existing Residential Building

Existing Condition:

Prototype A features an existing three-story building that is approximately 6,900 SF on a 6,900 SF lot of record. The property is located within the Historic District and is considered a contributing resource. The existing zoning is DB, Downtown Business, which allows up to 75 dwellings per acre (du/ac), or 11 residential units. The existing residential density is approximately 31.6 du/ac. The floor area ratio (FAR) is approximately 1.0.

The building currently is used as a residential apartment building with five (5) existing apartments. The building is in need of renovation/rehabilitation in order to be market responsive. There is no existing parking on the property and access to the rear of the property is limited.

The total pre-improvement value for the land and the building is $555,000. The pro-forma assumes that the owner just purchased the property prior to application to the City and financed the entire purchase price.

Existing Residential Building
6,900 SF Building
3 Story / Contributing
6,900 SF Lot of Record

Proposed Project:

The building is in need of renovation in order to respond to the market. The project includes minor maintenance and rehabilitation to the exterior in addition to upgrades and renovation of the existing apartments.

This is an existing residential building with no change of use and the project will not be adding any new residential units. There is no parking on the property and no new parking is proposed. There are no utility upgrades anticipated.

Each of the existing apartments is a two-bedroom unit with an average of 1,150 livable square feet. The building core area is approximately 15% of the gross building area and is expected to remain the same in the renovation.

Existing rents for a two-bedroom unit are approximately $1,400 per month or about $1.22 per square foot. After the renovation, the owner is proposing rents of approximately $1,750 per month or approximately $1.50 per square foot.

Due to the limited scope of the project, it is exempt from Adequate Public Facilities (APFD), forest conservation, and impact fees. It is assumed that historic preservation review will be under the Administrative Review Process, given the limited exterior renovations.

Process:

5 Existing Apartments
0 New Apartments
5 Total Apartments

A: Simple Interior Renovation

5 Existing MF DU's / No New DU's

Estimated Fees & Costs:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition/Basis</td>
<td>$555,000</td>
</tr>
<tr>
<td>Design</td>
<td>$17,180</td>
</tr>
<tr>
<td>Governmental Fees:</td>
<td></td>
</tr>
<tr>
<td>Development Approval</td>
<td>$250</td>
</tr>
<tr>
<td>Engineering/Subdivision</td>
<td>$2,056</td>
</tr>
<tr>
<td>Impact Fee Total</td>
<td>$5,586</td>
</tr>
<tr>
<td>Library Impact Fee</td>
<td>$0</td>
</tr>
<tr>
<td>School Impact Fee</td>
<td>$0</td>
</tr>
<tr>
<td>School Constr. Fee</td>
<td>$0</td>
</tr>
<tr>
<td>W/S Impact Fee</td>
<td>$0</td>
</tr>
<tr>
<td>MPUD Housing Fund</td>
<td>$0</td>
</tr>
<tr>
<td>Parkland Facilities Fee</td>
<td>$0</td>
</tr>
<tr>
<td>Parkland Fee-in-Lieu</td>
<td>$0</td>
</tr>
<tr>
<td>Parking Fee-in-Lieu</td>
<td>$0</td>
</tr>
<tr>
<td>Forest Fee-in-Lieu</td>
<td>$0</td>
</tr>
<tr>
<td>Fire Code Rev. Fees</td>
<td>$2,679</td>
</tr>
<tr>
<td>Zoning/Building (Other)</td>
<td>$2,907</td>
</tr>
<tr>
<td>Off-Site Improvements</td>
<td>$0</td>
</tr>
<tr>
<td>Demolition</td>
<td>$0</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>$276,000</td>
</tr>
<tr>
<td>Commercial</td>
<td>$0</td>
</tr>
<tr>
<td>Parking</td>
<td>$0</td>
</tr>
<tr>
<td>Site/Landscape</td>
<td>$7,500</td>
</tr>
<tr>
<td>Other</td>
<td>$16,800</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$41,697</td>
</tr>
<tr>
<td>Financing</td>
<td>$58,465</td>
</tr>
<tr>
<td>Total Project</td>
<td>$986,120</td>
</tr>
</tbody>
</table>

ESTIMATED SCHEDULE

<table>
<thead>
<tr>
<th>Phase</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Development Phase</td>
<td>3</td>
</tr>
<tr>
<td>Construction Phase</td>
<td>6</td>
</tr>
<tr>
<td>Lease-Up Phase</td>
<td>3</td>
</tr>
</tbody>
</table>

PERFORMANCE METRICS

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net New Dwellings Achieved</td>
<td>0</td>
</tr>
<tr>
<td>Density Achieved (DU/Ac)</td>
<td>31.6</td>
</tr>
<tr>
<td>Govt Fee Per Dwelling Unit</td>
<td>$1,578</td>
</tr>
<tr>
<td>Affordability Index</td>
<td>$63,000</td>
</tr>
<tr>
<td>Market Rent - Multifamily</td>
<td>$1,750</td>
</tr>
<tr>
<td>Projected Annual Revenue</td>
<td>$84,000</td>
</tr>
<tr>
<td>Return on Investment</td>
<td>8.6%</td>
</tr>
<tr>
<td>Estimated CAP Rate</td>
<td>8.50%</td>
</tr>
<tr>
<td>Market Valuation</td>
<td>$988,235</td>
</tr>
<tr>
<td>Market Valuation per DU</td>
<td>$197,647</td>
</tr>
<tr>
<td>Project Cost per DU</td>
<td>$196,107</td>
</tr>
</tbody>
</table>
A-1: Maximum Yield

11 Total MF DUs

Estimated Fees & Costs:

- Land Acquisition/Basis: $555,000
- Design: $67,400

Government Fees:
- Development Approval: $6,450
- Engineering/Subdivision: $24,484
- Impact Fee Total: $165,565
- Library Impact Fee: $2,310
- School Impact Fee: $35,652
- School Constr. Fee: $0
- W/S Impact Fee: $47,170
- MPDU Housing Fund: $0
- Parkland Facilities Fee: $9,548
- Parkland Fee-in-Lieu: $6,000
- Parking Fee-in-Lieu: $0
- Forest Fee-in-Lieu: $0
- Fire Code Rev. Fees: $5,313
- Zoning/Building (Other): $59,572
- Off-Site Improvements: $0
- Demolition: $0
- Construction:
  - Residential: $1,215,000
  - Commercial: $0
  - Parking: $0
  - Site/Landscape: $10,000
  - Other: $65,450
- Soft Costs: $108,114
- Financing: $157,421
- Total Project: $2,540,449

A-2: 2 New Units

7 Total MF DUs

Estimated Fees & Costs:

- Land Acquisition/Basis: $555,000
- Design: $27,875

Government Fees:
- Development Approval: $250
- Engineering/Subdivision: $2,056
- Impact Fee Total: $38,687
- Library Impact Fee: $770
- School Impact Fee: $11,884
- School Constr. Fee: $0
- W/S Impact Fee: $15,723
- MPDU Housing Fund: $0
- Parkland Facilities Fee: $2,872
- Parkland Fee-in-Lieu: $0
- Parking Fee-in-Lieu: $0
- Forest Fee-in-Lieu: $0
- Fire Code Rev. Fees: $3,831
- Zoning/Building (Other): $3,607
- Off-Site Improvements: $0
- Demolition: $0
- Construction:
  - Residential: $450,000
  - Commercial: $0
  - Parking: $0
  - Site/Landscape: $10,000
  - Other: $72,880
- Soft Costs: $64,369
- Financing: $79,639
- Total Project: $1,339,445

ALTERNATIVE SYNONOPSIS:

Alternative 1:
Alternative 1 analyzes the impact of adding six (6) new residential units in order to achieve the maximum density allowed under the Downtown Business (DB) zoning district.

This alternative increases the number of potential dwelling units by redesigning the existing units into smaller one-bedroom and studio efficiencies within the existing building. This change increases the total number of units from 5 to 11. There is no new exterior construction as a part of this alternative and limited site improvements.

This alternative increases the annual revenue but incurs several fees, costs and review processes that are not required under the base project. Due to smaller units, the rent per square foot rises but the overall rent per unit only rises slightly to $1,500. The Return on Investment (ROI) is lower than the base project and costs incurred by this project exceed the market valuation.

At sites where the market demands larger units, another approach could include new construction to the rear of the existing building with six (6) additional units included in the new building. This approach would allow the unit sizes to be larger but would add additional fees and reviews and increase the construction costs on a per unit basis. It is estimated that the ROI for this alternative would be slightly higher than the base project but the market to cost valuation is still negative. This alternative is not listed in the charts to the left.

Alternative 2:
Alternative 2 makes a more modest increase in density by adding two (2) new residential units without making any major exterior improvements or additions. The average unit size after construction is approximately 975 square feet, with an average rent of about $1,650. This approach increases the projected annual revenue but does not improve the ROI or the market valuation.

However, when the two new units are added without an increase in impact fees, the ROI increases incrementally from 8.5% to 8.8% and the market to cost valuation improves slightly due to the lesser cost structure.

KEY FINDINGS:

1. The base project is predictable and generally cost effective, with a return on investment in the mid-8% range, however, this approach does not increase housing in Downtown Frederick.
2. The current fee structure and the Land Management Code limit costs and shorten review time frames for the base project. Fees and lengthened reviews are added when new dwelling units are proposed.
3. Governmental fees and review time frames for this project are incidental to the overall project’s financial feasibility and do not play a substantial role in project viability.
4. The limited nature of the project allows the Historic Preservation review to be provided through the Administrative Review Process, saving time and expense for the applicant/owner.
5. Alternative 1 provides ‘micro-units’ as a way to increase the overall project density, but the added construction cost and fee structure disproportionately impact this project.
6. Alternate 2 proposes a modest increase in units that avoids a substantial increase in construction costs. It is assumed under this scenario that for two additional units, the City would not require substantial and cost prohibitive improvements such as an elevator and/or sprinkler system.
7. If the fee structure, construction costs and review processes do not proportionately impact this project.
8. Small incremental density bonuses, such as one, two or three additional residential units at this scale make a demonstrable and readily available strategy to increase housing downtown. If an ombudsman or facilitator is available for all downtown projects, then more small-scale builders and renovation specialists would have a resource to reduce costs and review time-frames.

Legend:
- Return on Investment: >10% to 15%
- Marginal Orange: 7.5% to 8.5%
- Fair Yellow: 6.5% to 7.5%
- Good Green: 6% or less

Valuation vs. Cost
- Negative: 0 to -15%
- Break Even: 0 to 7.5%
- Positive: 7.5% or more
Prototype B features an existing four-story commercial building that is approximately 8,500 SF on a 3,400 SF lot of record. The property is located within the Historic District and is considered a contributing resource. The existing zoning is DB, Downtown Business, which allows up to 75 dwellings per acre (du/ac). The existing floor area ratio (FAR) is approximately 2.5. There is no existing parking on the property.

The upper floors have not been in active use for several decades and are largely vacant with no significant improvements. The intent of this project is to redevelop the upper floors in order to use them as either office or residential as the market demands. This study assumes that this renovation is to a residential use. The ability to change use between residential to office is of critical concern to the owner. The total pre-improvement value for the land and the building is $850,000.

The project proposes a ‘change of use’ to the existing commercial building in order to add new residential units. There is no parking on the property and no new parking is proposed. All improvements are interior to the structure.

Zoning allows up to five (5) residential dwellings on the lot. The base project proposes the addition of five new apartments in order to achieve full density. Each of the proposed apartments is a two-bedroom unit with an average unit size of approximately 1,175 leasable square feet. The renovation includes hallways and egress improvements that require a small demolition area for access to upper floors. There are improvements on the first floor in order to accommodate access.

After the renovation, the owner is proposing rents of $1,750 per month or approximately $1.50 per net leasable square foot.

Due to the limited scope of the base project, it is exempt from some Adequate Public Facilities (APFO) testing and forest conservation.

Existing Commercial Building
8,500 SF Building
4 Story / Contributing
1st Floor Commercial to Remain
3,400 SF Lot of Record

Prototype B
Adaptive Reuse of an Existing Building

Existing Condition:

Proposed Project:

The project proposes a ‘change of use’ to the existing commercial building in order to add new residential units. There is no parking on the property and no new parking is proposed. All improvements are interior to the structure.

Zoning allows up to five (5) residential dwellings on the lot. The base project proposes the addition of five new apartments in order to achieve full density. Each of the proposed apartments is a two-bedroom unit with an average unit size of approximately 1,175 leasable square feet. The renovation includes hallways and egress improvements that require a small demolition area for access to upper floors. There are improvements on the first floor in order to accommodate access.

After the renovation, the owner is proposing rents of $1,750 per month or approximately $1.50 per net leasable square foot.

Due to the limited scope of the base project, it is exempt from some Adequate Public Facilities (APFO) testing and forest conservation.

0 Existing Apartments
5 New Apartments
5 Total Apartments

Process:

B: Int./Ext. Renovation
Base Project: 5 Total MF DU's

Estimated Fees & Costs:
- Land Acquisition/Basis: $850,000
- Design: $77,850
- Governmental Fees:
  - Development Approval: $815
  - Engineering/Subdivision: $13,270
  - Impact Fee Totals: $89,121
  - Library Impact Fee: $1,925
  - School Impact Fee: $29,710
  - School Constr. Fee: $0
  - W/S Impact Fee: $30,717
  - MPDU Housing Fund: $0
  - Parkland Facilities Fee: $4,340
  - Parkland Fee-in-Lieu: $5,000
  - Parking Fee-in-Lieu: $6,500
  - Forest Fee-in-Lieu: $0
  - Fire Code Rev. Fees: $3,580
  - Zoning/Building (Other): $7,349
- Off-Site Improvements: $0
- Demolition: $2,550
- Construction
  - Residential: $924,375
  - Commercial: $0
  - Parking: $0
  - Site/Landscape: $20,000
  - Other: $148,920
- Soft Costs: $178,839
- Financing: $134,321
- Total Project: $2,329,182

ESTIMATED SCHEDULE
- Pre-Development Phase: 3 Months
- Construction Phase: 8 Months
- Lease-Up Phase: 3 Months

PERFORMANCE METRICS
- Net New Dwellings Achieved: 5
- Density Achieved (DU/Ac): 6.41
- Govt Fee Per Dwelling Unit: $20,641
- Affordability Index: 636,000
- Market Rent - Multifamily: $1,750
- Projected Annual Revenue: $147,750
- Return on Investment: 6.1%
- Estimated CAP Rate: 7.5%
- Market Valuation: $1,970,000
- Market Valuation per DU: $394,000
- Project Cost per DU: $488,012
**B-1: Int. Reno./1 Bonus Unit**

6 Total MF DUs

- Estimated Fees & Costs:
  - Land Acquisition/Basis: $850,000
  - Design: $77,850
  - Governmental Fees:
    - Development Approval: $815
    - Engineering/Subdivision: $13,270
    - Impact Fees Totals: $89,121
  - Library Impact Fee: $1,925
  - School Impact Fee: $29,710
  - School Constr. Fee: $0
  - W/S Impact Fee: $30,717
  - MPDU Housing Fund: $0
  - Parkland Facilities Fee: $4,340
  - Parking Fee-in-Lieu: $5,000
  - Parking Fee-in-Lieu: $6,500
  - Forest Fee-in-Lieu: $0
  - Fire Code Rev. Fees: $3,580
  - Zoning/Building (Other): $7,349
  - Off-Site Improvements: $0
  - Demolition: $2,550
  - Construction:
    - Residential: $924,375
    - Commercial: $0
    - Parking: $0
    - Site/Landscape: $20,000
    - Other: $148,920
  - Soft Costs: $178,839
  - Financing: $134,321
  - Total Project: $2,529,182

**B-2: Int. Reno./2 Bonus Unit**

7 Total MF DUs

- Estimated Fees & Costs:
  - Land Acquisition/Basis: $850,000
  - Design: $77,850
  - Governmental Fees:
    - Development Approval: $815
    - Engineering/Subdivision: $13,270
    - Impact Fees Totals: $89,121
  - Library Impact Fee: $1,925
  - School Impact Fee: $29,710
  - School Constr. Fee: $0
  - W/S Impact Fee: $30,717
  - MPDU Housing Fund: $0
  - Parkland Facilities Fee: $4,340
  - Parking Fee-in-Lieu: $5,000
  - Parking Fee-in-Lieu: $6,500
  - Forest Fee-in-Lieu: $0
  - Fire Code Rev. Fees: $3,580
  - Zoning/Building (Other): $7,349
  - Off-Site Improvements: $0
  - Demolition: $2,550
  - Construction: $924,375
  - Residential: $924,375
  - Commercial: $0
  - Parking: $0
  - Site/Landscape: $20,000
  - Other: $148,920
  - Soft Costs: $178,839
  - Financing: $134,321
  - Total Project: $2,529,182

**B-3: Int. Reno./3 Bonus Unit**

8 Total MF DUs

- Estimated Fees & Costs:
  - Land Acquisition/Basis: $850,000
  - Design: $77,850
  - Governmental Fees:
    - Development Approval: $815
    - Engineering/Subdivision: $13,270
    - Impact Fees Totals: $89,121
  - Library Impact Fee: $1,925
  - School Impact Fee: $29,710
  - School Constr. Fee: $0
  - W/S Impact Fee: $30,717
  - MPDU Housing Fund: $0
  - Parkland Facilities Fee: $4,340
  - Parking Fee-in-Lieu: $5,000
  - Parking Fee-in-Lieu: $6,500
  - Forest Fee-in-Lieu: $0
  - Fire Code Rev. Fees: $3,580
  - Zoning/Building (Other): $7,349
  - Off-Site Improvements: $0
  - Demolition: $2,550
  - Construction: $924,375
  - Residential: $924,375
  - Commercial: $0
  - Parking: $0
  - Site/Landscape: $20,000
  - Other: $148,920
  - Soft Costs: $178,839
  - Financing: $134,321
  - Total Project: $2,529,182

**ALTERNATIVE SYNOPSIS:**

Construction costs far exceed the estimated market value after construction for the base project and the lower density alternatives. For the purpose of comparison between the alternatives, rents are held constant. All alternative proposals assume no triggering of additional APFO testing or costs.

**Alternative 1:**

Alternative 1 analyzes the benefit of allowing one additional unit without the addition of associated impact fees. Project density is slightly higher than permitted in the underlying zone requiring a code change to allow a density bonus. This results in an ROI increase of approximately 10% over the base project but market valuation is significantly negative.

**Alternative 2:**

This alternative adds two additional ‘fee-free’ units, approximating a density roughly equivalent to the MPDU bonus density (89.7 du/ac). The additional ‘fee-free’ units provide an ROI that is approximately 21% better than the base project. The market valuation to cost relationship is about even.

**Alternative 3:**

This alternative adds three ‘fee free’ units, exceeding MPDU bonus density standards. The project has an ROI that is 33% better than the base project and has a positive market valuation as compared to cost.

**KEY FINDINGS:**

1. The base project is not feasible due to costs associated with building code upgrades, impact fees, and potential infrastructure upgrades required for change of use applications.
2. The revenue from the commercial first floor tenant is included in the financial analysis and has a noticeable beneficial effect on the project’s feasibility.
3. The additional cost to provide new housing is disproportionate to estimated annual revenue due to the limited size of the project.
4. Per unit assessment of fees for all new units discourages investment in housing at this scale.
5. The limited nature of external alterations associated with the project allows the Historic Preservation review to be provided through the Administrative Review Process. Therefore historic review is not a determinant factor for project feasibility in this instance.
6. A project of this scale is very price/cost sensitive. Even small cost increases and/or unanticipated off-site improvements would have a substantial impact on viability.
7. Small incremental density bonuses, such as one, two or three additional units, make a demonstrable financial benefit to the project. If the fee structure, construction costs and review processes do not increase disproportionately, the addition of bonus units can increase housing downtown as a part of these project types.
8. The addition of bonus units in combination with strategic design to avoid substantial cost increases, reasonable building code implementation, and a modified fee structure can provide incremental housing throughout the downtown in a decentralized and contextually sensitive manner.
9. Density bonuses have positive benefits and should be utilized on these project types.
Prototype: C
Infill / Redevelopment - Small Site & Existing Building

Existing Condition:

Prototype C features an existing two-story commercial building that is approximately 20,000 SF on a 22,000 SF lot of record with an adjacent 22,000 SF lot of record that is vacant and used for parking. The property is located within the Historic District and the existing building is considered a contributing resource.

The existing zoning is DB, Downtown Business, which allows up to 75 dwellings per acre (du/ac). The existing floor area ratio (FAR) on the overall property is approximately 0.5.

The building recently was used for offices. There are approximately 63 existing parking spaces on the property. The total pre-improvement value for the land and the building is $1,100,000.

Existing Commercial Building
2 Story / Contributing
20,000 SF Building
Two Lots of Record

Proposed Project:

The project proposes a renovation of the existing building in order to add 17 new apartments and the construction of a new 46-unit apartment building on the adjacent lot. The new structure includes a rooftop deck as an amenity.

In order to meet a market minimum of 1 parking space per residential unit, some of the existing surface parking is maintained and the building utilizes a partial podium in order to build over some of the existing parking. Access to the parking is maintained on the frontage street with an access drive under the building with key card control.

The new apartments are proposed as two-bedroom units with an average size of 1,032 leasable square feet. The building core area is approximately 15% of the gross building area.

Due to the scale of this project, it must meet Adequate Public Facilities (APFO) requirements, forest conservation, impact fees, major site plan review and full historic review by the Historic Preservation Commission. The process chart includes a minor subdivision or Consolidation Plat to either combine the existing lots or move the internal lot line in order to accommodate the new structure.

Access to the property is problematic and conflicts with the overall objective of building along the entire frontage. The access also increases costs of construction of the building, or in the alternative would restrict the amount of development.

Process:

C: Infill and Renovation

63 Total MF DUs

Estimated Fees & Costs:

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition/Basis</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Design</td>
<td>$63,170</td>
</tr>
<tr>
<td>Governmental Fees</td>
<td></td>
</tr>
<tr>
<td>Development Approval</td>
<td>$13,757</td>
</tr>
<tr>
<td>Engineering/Subdivision</td>
<td>$76,995</td>
</tr>
<tr>
<td>Impact Fee Totals</td>
<td>$1,423,423</td>
</tr>
<tr>
<td>Library Impact Fee</td>
<td>$24,255</td>
</tr>
<tr>
<td>School Impact Fee</td>
<td>$374,346</td>
</tr>
<tr>
<td>School Constr. Fee</td>
<td>$247,149</td>
</tr>
<tr>
<td>W/S Impact Fee</td>
<td>$468,333</td>
</tr>
<tr>
<td>MPDU Housing Fund</td>
<td>$140,000</td>
</tr>
<tr>
<td>Parkland Facilities Fee</td>
<td>$54,684</td>
</tr>
<tr>
<td>Parkland Fee-in-Lieu</td>
<td>$63,000</td>
</tr>
<tr>
<td>Parking Fee-in-Lieu</td>
<td>$0</td>
</tr>
<tr>
<td>Forest Fee-in-Lieu</td>
<td>$2,640</td>
</tr>
<tr>
<td>Fire Code Rev. Fees</td>
<td>$49,016</td>
</tr>
<tr>
<td>Zoning/Building (Other)</td>
<td>$192,499</td>
</tr>
<tr>
<td>Off-Site Improvements</td>
<td>$250,000</td>
</tr>
<tr>
<td>Demolition</td>
<td>$15,000</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>$11,432,500</td>
</tr>
<tr>
<td>Commercial</td>
<td>$0</td>
</tr>
<tr>
<td>Parking</td>
<td>$375,000</td>
</tr>
<tr>
<td>Site/Landscape</td>
<td>$775,000</td>
</tr>
<tr>
<td>Other</td>
<td>$657,589</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$1,250,356</td>
</tr>
<tr>
<td>Financing</td>
<td>$2,236,935</td>
</tr>
<tr>
<td>Total Project</td>
<td>$20,431,187</td>
</tr>
</tbody>
</table>

ESTIMATED SCHEDULE

Months
Pre-Development Phase: 15
Construction Phase: 15
Lease-Up Phase: 12

PERFORMANCE METRICS

Net New Dwellings Achieved: 63
Density Achieved (DU/ac): 62.4
Affordability Index: $68,886
GoVt Fee Per Dwelling Unit: $27,089
Projected Annual Revenue: $1,157,280
Return on Investment: 5.3% (Multifamily): $1,913
Estimated CAP Rate: 6.75%
Market Valuation: $17,144,899
Market Valuation per DU: $272,141
Project Cost per DU: $346,899
C-1: Density Increase
69 Total MF DUs

| Estimated Fees & Costs: | Land Acquisition/Basis: | $1,100,000 |
| | Design: | $632,170 |
| Governmental Fees: | Development Approval: | $13,877 |
| | Engineering/Subdivision: | $77,079 |
| Impact Fee Total: | $1,562,601 |
| Library Impact Fee: | $26,565 |
| School Impact Fee: | $409,998 |
| School Constr. Fee: | $270,687 |
| W/S Impact Fee: | $515,503 |
| MPDU Housing Fund: | $157,500 |
| Parkland Facilities Fee: | $59,892 |
| Parkland Fee-in-Lieu: | $69,000 |
| Parking Fee-in-Lieu: | $0 |
| Forest Fee-in-Lieu: | $2,640 |
| Fire Code Rev. Fees: | $50,816 |
| Off-Site Improvements: | $199,591 |
| Demolition: | $15,000 |
| Construction: | $31,040,540 |
| Commercial: | $0 |
| Parking: | $105,000 |
| Site/Landscape: | $775,000 |
| Other: | $2,452,891 |
| Soft Costs: | $1,260,082 |
| Financing: | $2,257,583 |
| Total Project: | $22,205,314 |

**PERFORMANCE METRICS**

| Net New Dwellings Achieved: | 69 |
| Density Achieved (DU/AC): | 68.3 |
| Govt Fee Per Dwelling Unit: | $26,856 |
| Affordability Index: | 68.2 |
| Market Rent - Multifamily: | $1,895 |
| Projected Annual Revenue: | $1,255,200 |
| Return on Investment: | 5.7% |
| Estimated CAP Rate: | 6.75% |
| Market Value: | $18,595,556 |
| Market Value per DU: | $269,501 |
| Project Cost per DU: | $321,816 |

C-2: Density Incr. & Fee Red.
75 Total MF DUs / 25% Fee Reduction

| Estimated Fees & Costs: | Land Acquisition/Basis: | $1,100,000 |
| | Design: | $632,170 |
| Governmental Fees: | Development Approval: | $13,877 |
| | Engineering/Subdivision: | $77,199 |
| Impact Fee Total: | $1,131,980 |
| Library Impact Fee: | $21,656 |
| School Impact Fee: | $334,238 |
| School Constr. Fee: | $0 |
| W/S Impact Fee: | $422,005 |
| MPDU Housing Fund: | $175,000 |
| Parkland Facilities Fee: | $48,825 |
| Parkland Fee-in-Lieu: | $75,000 |
| Parking Fee-in-Lieu: | $0 |
| Forest Fee-in-Lieu: | $2,640 |
| Fire Code Rev. Fees: | $52,616 |
| Off-Site Improvements: | $206,683 |
| Demolition: | $0 |
| Construction: | $11,504,500 |
| Commercial: | $0 |
| Parking: | $105,000 |
| Site/Landscape: | $775,000 |
| Other: | $2,440,391 |
| Soft Costs: | $1,245,398 |
| Financing: | $2,226,412 |
| Total Project: | $21,473,609 |

**ESTIMATED SCHEDULE**

| Pre-Development Phase: | Months |
| | 15 |
| Construction Phase: | 15 |
| Lease-Up Phase: | 12 |

C-3: Density Incr. & Fee Red.
84 Total MF DUs / 50% Fee Reduction

| Estimated Fees & Costs: | Land Acquisition/Basis: | $1,100,000 |
| | Design: | $599,998 |
| Governmental Fees: | Development Approval: | $13,967 |
| | Engineering/Subdivision: | $77,397 |
| Impact Fee Total: | $970,860 |
| Library Impact Fee: | $16,170 |
| School Impact Fee: | $249,564 |
| School Constr. Fee: | $0 |
| W/S Impact Fee: | $316,714 |
| MPDU Housing Fund: | $210,000 |
| Parkland Facilities Fee: | $36,456 |
| Parkland Fee-in-Lieu: | $84,000 |
| Parking Fee-in-Lieu: | $0 |
| Forest Fee-in-Lieu: | $2,640 |
| Fire Code Rev. Fees: | $55,316 |
| Zoning/Building (Other): | $217,321 |
| Off-Site Improvements: | $0 |
| Demolition: | $0 |
| Construction: | $11,471,500 |
| Commercial: | $0 |
| Parking: | $105,000 |
| Site/Landscape: | $775,000 |
| Other: | $2,437,009 |
| Soft Costs: | $1,239,377 |
| Financing: | $2,174,541 |
| Total Project: | $21,196,951 |

**ESTIMATED SCHEDULE**

| Pre-Development Phase: | Months |
| | 9 |
| Construction Phase: | 15 |
| Lease-Up Phase: | 12 |

**PERFORMANCE METRICS**

| Net New Dwellings Achieved: | 84 |
| Density Achieved (DU/AC): | 83.2 |
| Govt Fee Per Dwelling Unit: | $15,232 |
| Affordability Index: | $67,929 |
| Market Rent - Multifamily: | $1,887 |
| Projected Annual Revenue: | $1,521,600 |
| Return on Investment: | 7.2% |
| Estimated CAP Rate: | 6.75% |
| Market Value: | $22,542,222 |
| Market Value per DU: | $268,360 |
| Project Cost per DU: | $252,345 |

**ALTERNATIVE SYNOPSIS:**

**Alternative 1:**
Alternative 1 analyzes the financial benefits of increasing the yield of the project by approximately 10%. There was no increase in parking which resulted in a parking ratio of 0.91.

**Alternative 2:**
Alternative 2 analyzes the financial benefit of increasing the yield to approximately 20% over the base project. It also includes the reduction in fees by eliminating the School Construction Fee and a $250,000 off-site improvement. Other impact fees were reduced by 25%. There was no increase in parking which resulted in a parking ratio of 0.84.

**Alternative 3:**
Alternative 3 builds upon the savings in Alternative 2 and further reduces impact fees to 50% of the current rates. Nine additional units are added to maximize the parking ratio of 0.75 spaces per dwelling unit. The pre-development phase was shortened by six months, assuming an expedited review process and/or City facilitator. The shortened process saved both design and financing costs.

**Alternative 4:**
This alternative is not shown, but is identical to Alternative 3 with the exception that all impact fees and fees-in-lieu are eliminated. In this instance ROI increases to 7.5% (marginal to fair) and the market valuation compared to project cost improves to +1% (fair). When a small (2,500 sf) commercial component is added, the ROI increases to 7.9% (fair) and the market to cost valuation increases to +17% (good).

**KEY FINDINGS:**

1. The base project is not financially feasible, with a return on investment under 6% and construction costs well in excess of market valuation. This analysis illustrates how no single change or benefit can make this project type feasible. However, the additive effects of many incremental solutions can bring it to a level of return that approaches matching the risk of building in a constrained downtown environment.
2. Fee reductions or elimination move the needle but are not the entire solution.
3. Inefficiencies in utilizing existing historic structures plus the cost of renovation disproportionately increase costs and decrease project revenue.
4. When a project is hitting the upper limit of the market rent, the addition of bonus units without associated impact fees provides significant benefits and efficiencies.
5. The inclusion of an expedited review/facilitator and joint workshops for this project saves time, interest payments and consultant fees. However, this was not a major factor affecting feasibility.
6. Providing parking on-site is a major cost component. Alternatives 1 through 4 assume a parking ratio of between 0.75 and 0.92 in order to limit parking cost impacts and maintain minimum standards.
7. The addition of a small commercial component provided a net positive contribution to the project's financial viability. Where feasible, the inclusion of a commercial component to support residential development should be encouraged.
8. Additional density helps feasibility but may require additional height and/or more significant changes to historic resources.
9. Additional incentives are needed to encourage this scale of development. Financial incentives may include property tax exemptions, reductions and/or deferrals. Additional State and federal revenue sources, such as Low Income Tax Credits and the Maryland Historical Trust's Non-Capital Grant Program may also add to project feasibility. Additional programs and resources should also be considered (see Appendix for partial list).
Prototype D features a site that includes existing commercial buildings that house a total of 36,000 square feet of former office space, all in single story buildings. The total parcel size is 97,000 square feet. The existing floor area ratio (FAR) is approximately 0.4.

The property is located in the Historic District. Some portion of the buildings may be eligible for demolition. A portion of the existing buildings will need to be incorporated into the new site design.

The existing zoning is DBO, Downtown Business Office, which allows up to 75 dwellings per acre (du/acre).

There are approximately 150 existing parking spaces on the property. The property is a corner lot with excellent access to both streets.

The total pre-improvement value for the land and the building is $1,000,000.

Existing Commercial Buildings:
- 1-Story / Contributing / Demo
  - 36,000 SF Buildings
  - 97,000 SF Parcel

The project proposes a partial demolition and renovation of the existing buildings in order to add a total of 90 new dwelling units. The unit breakdown is 6 townhouses, 24 apartments within the renovated historic structures, and 60 apartments in a new residential building. On-site amenities include a roof-top deck and fitness facility.

Parking is provided at 1.2 spaces per unit, through surface parking, tuck-under spaces and individual garages. Access to the parking is provided via drive connections to both frontage roads.

The new apartments are proposed as a combination of one and two-bedroom units with an average size of 975 leasable square feet. The units in the renovated historic structure are slightly larger than the average due to the inefficiencies of the building layout. Townhouses are assumed to be rentals with approximately 2,400 gross square feet including the garage. Building core area is assumed to be 15% of the gross building area. Rents are proposed at $1.80 per square foot.

Due to the scale of this project, it must meet Adequate Public Facilities (APFO) requirements, forest conservation, impact fees, major site plan review and full historic review by the Historic Preservation Commission. Individual lots are proposed, so a major subdivision process is anticipated.
**D-1: Limited Development**  
ALT. 1: 37 Total DUs

<table>
<thead>
<tr>
<th>Estimated Fees &amp; Costs:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition/Basis:</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Design:</td>
<td>$530,350</td>
</tr>
<tr>
<td>Governmental Fees:</td>
<td></td>
</tr>
<tr>
<td>Development Approval:</td>
<td>$19,437</td>
</tr>
<tr>
<td>Engineering/Subdivision:</td>
<td>$90,015</td>
</tr>
<tr>
<td>Impact Fee Total:</td>
<td>$1,013,679</td>
</tr>
<tr>
<td>Library Impact Fee:</td>
<td>$17,655</td>
</tr>
<tr>
<td>School Impact Fee:</td>
<td>$310,769</td>
</tr>
<tr>
<td>School Constr. Fee:</td>
<td>$205,486</td>
</tr>
<tr>
<td>W/S Impact Fee:</td>
<td>$267,073</td>
</tr>
<tr>
<td>MPDU Housing Fund:</td>
<td>$87,500</td>
</tr>
<tr>
<td>Parkland Facilities Fee:</td>
<td>$32,116</td>
</tr>
<tr>
<td>Parkland Fee-in-Lieu:</td>
<td>$7,000</td>
</tr>
<tr>
<td>Parking Fee-in-Lieu:</td>
<td>$5,820</td>
</tr>
<tr>
<td>Forest Fee-in-Lieu:</td>
<td>$5,820</td>
</tr>
<tr>
<td>Fire Code Rev. Fees:</td>
<td>$50,260</td>
</tr>
<tr>
<td>Zoning/Building (Other)</td>
<td>$298,737</td>
</tr>
<tr>
<td>Off-Site Improvements:</td>
<td>$250,000</td>
</tr>
<tr>
<td>Demolition:</td>
<td>$0</td>
</tr>
<tr>
<td>Construction Residential:</td>
<td>$8,827,500</td>
</tr>
<tr>
<td>Commercial:</td>
<td>$324,000</td>
</tr>
<tr>
<td>Parking:</td>
<td>$390,000</td>
</tr>
<tr>
<td>Site/Landscape:</td>
<td>$975,000</td>
</tr>
<tr>
<td>Other:</td>
<td>$1,585,983</td>
</tr>
<tr>
<td>Soft Costs:</td>
<td>$1,207,077</td>
</tr>
<tr>
<td>Financing:</td>
<td>$1,875,159</td>
</tr>
<tr>
<td>Total Project:</td>
<td>$18,390,936</td>
</tr>
</tbody>
</table>

**ESTIMATED SCHEDULE**  
Pre-Development Phase: 12 Months  
Construction Phase: 15 Months  
Lease-Up Phase: 12 Months

**PERFORMANCE METRICS**  
Net New Dwellings Achieved: 37  
Density Achieved (DU/Ac): 16.6  
Govt Fee Per Dwelling Unit: $38,429  
Affordability Index: $63,000  
Market Rent - Multifamily: $1,750  
Market Rent - Townhouse: $2,450  
Projected Annual Revenue: $873,480  
Return on Investment: 4.7%  
Estimated CAP Rate: 6.75%  
Market Valuation: $12,940,444  
Market Valuation per DU: $349,742  
Project Cost per DU: $497,052

**D-2: Density Incr./Struct. Parking**  
ALT. 2: 149 Total DUs

<table>
<thead>
<tr>
<th>Estimated Fees &amp; Costs:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition/Basis:</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Design:</td>
<td>$1,584,492</td>
</tr>
<tr>
<td>Governmental Fees:</td>
<td></td>
</tr>
<tr>
<td>Development Approval:</td>
<td>$20,557</td>
</tr>
<tr>
<td>Engineering/Subdivision:</td>
<td>$97,602</td>
</tr>
<tr>
<td>Impact Fee Totals:</td>
<td>$3,522,443</td>
</tr>
<tr>
<td>Library Impact Fee:</td>
<td>$61,085</td>
</tr>
<tr>
<td>School Impact Fee:</td>
<td>$984,538</td>
</tr>
<tr>
<td>School Constr. Fee:</td>
<td>$650,347</td>
</tr>
<tr>
<td>W/S Impact Fee:</td>
<td>$1,149,830</td>
</tr>
<tr>
<td>MPDU Housing Fund:</td>
<td>$332,500</td>
</tr>
<tr>
<td>Parkland Facilities Fee:</td>
<td>$84,632</td>
</tr>
<tr>
<td>Parkland Fee-in-Lieu:</td>
<td>$149,000</td>
</tr>
<tr>
<td>Parking Fee-in-Lieu:</td>
<td>$0</td>
</tr>
<tr>
<td>Forest Fee-in-Lieu:</td>
<td>$5,820</td>
</tr>
<tr>
<td>Fire Code Rev. Fees:</td>
<td>$104,692</td>
</tr>
<tr>
<td>Zoning/Building (Other)</td>
<td>$442,137</td>
</tr>
<tr>
<td>Off-Site Improvements:</td>
<td>$250,000</td>
</tr>
<tr>
<td>Demolition:</td>
<td>$394,200</td>
</tr>
<tr>
<td>Construction Residential:</td>
<td>$21,447,300</td>
</tr>
<tr>
<td>Commercial:</td>
<td>$324,000</td>
</tr>
<tr>
<td>Parking:</td>
<td>$4,995,000</td>
</tr>
<tr>
<td>Site/Landscape:</td>
<td>$1,375,000</td>
</tr>
<tr>
<td>Other:</td>
<td>$698,269</td>
</tr>
<tr>
<td>Soft Costs:</td>
<td>$2,425,760</td>
</tr>
<tr>
<td>Financing:</td>
<td>$4,544,952</td>
</tr>
<tr>
<td>Total Project:</td>
<td>$43,121,711</td>
</tr>
</tbody>
</table>

**ESTIMATED SCHEDULE**  
Pre-Development Phase: 24 Months  
Construction Phase: 15 Months  
Lease-Up Phase: 12 Months

**PERFORMANCE METRICS**  
Net New Dwellings Achieved: 149  
Density Achieved (DU/Ac): 66.9  
Govt Fee Per Dwelling Unit: $27,401  
Affordability Index: $63,000  
Market Rent - Multifamily: $1,750  
Market Rent - Townhouse: $2,450  
Projected Annual Revenue: $3,232,680  
Return on Investment: 6.9%  
Estimated CAP Rate: 7.75%  
Market Valuation: $47,891,556  
Market Valuation per DU: $321,420  
Project Cost per DU: $313,048

**KEY FINDINGS:**

1. Integration with existing historic resources and the rehabilitation of those resources is a challenging and expensive proposition. There are no current off-sets in the system to mitigate these extra costs except the Heritage Structure Rehabilitation Tax Credit.
2. Retaining, rehabilitating and integrating existing historic resources is an important component to project feasibility and the ability to increase housing. The retention and rehabilitation of historic resources, as is the case in Alternate 1, may greatly limit the inclusion of new housing and impact the return on investment and market valuation.
3. Adding structured parking in order to increase density, increases annual revenue but does not necessarily increase return on investment, as is the case when comparing the base project to Alternate 2.
4. In fact, the ROI is similar to a lower density project with surface parking, such as the base project.
5. Adding additional housing may not be justified where significant costs such as structured parking are required but cannot be supported with the current rent levels.
6. Larger properties, such as this site, have the opportunity to provide a significant portion of the overall housing goal.
7. The larger, surface-parked design of Alternate 2-b has the best return on investment and market to cost valuation of the alternatives studied. This supports the cost benefit of larger, unconstrained sites.

**Legend**

<table>
<thead>
<tr>
<th>Return vs. Cost</th>
<th>Red</th>
<th>Orange</th>
<th>Yellow</th>
<th>Green</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return</td>
<td>&lt;6.0%</td>
<td>6.0% to 7.0%</td>
<td>7.0% to 9.0%</td>
<td>&gt;9.0%</td>
</tr>
<tr>
<td>Valuation vs. Cost</td>
<td>Negative</td>
<td>0% to 7.0%</td>
<td>7.0% to 10%</td>
<td>&gt;10%</td>
</tr>
</tbody>
</table>
Prototype: **E**  
**New Infill Development - No Existing Buildings**

**Existing Condition:**
![Image of existing condition]

Prototype E features a vacant one-half acre parcel that is currently being used as a parking lot. There are approximately 50 existing parking spaces. The project is not in the Historic District.

The existing zoning is DB, Downtown Business, which allows up to 75 dwelling units per acre (du/ac). This would allow up to 37 dwelling units, or 45 dwelling units including the MPDU bonus.

There is a planned commercial component for the first floor. The total pre-improvement value for the land is $350,000.

**Proposed Project:**

The proposed apartment building is built to the street line and is four stories with an opportunity for ground floor retail. Parking is to the rear and includes some tuck-under spaces behind the potential commercial space. Access to the parking field is key-card controlled via an access drive from the frontage street.

The apartments are a combination of one and two-bedroom units with average size of approximately 910 leasable square feet. The building core area is approximately 15% of the gross building area. Rents are proposed at approximately $2.15 per square foot, at the higher limits of the current market.

This project, although relatively small, requires subdivision approval to create a buildable lot, testing under the Adequate Public Facilities (APF) review, payment of impact fees, and review as Major Site Plan application. The project is exempt from forest conservation and is not subject to Historic Preservation review since it is not located in the Historic District. Parking is provided at the rates required in Table 607-1, which has a minimum of 1.5 spaces per unit, plus parking for the commercial use. MPDUs are not required for the base project but would be required if the project was to increase to 25 or more units.

This base project assumes the building is completely residential with some apartments and amenity space on the first floor. Alternative 1 includes commercial space on the ground floor and slightly smaller residential units on the upper floors.

**Process:**

1. Pre-Submission Planning
2. Pre-Application Review
3. Engineering Plan
4. Site Plan
5. Certificate of Adequate Public Facilities (APF, OK, SL, and SSI)
6. Site Plan
7. Review
8. Certification
9. Subdivision - Final Plan
10. Zoning & Building Permits, Impact Fees
11. Construction, Inspection, Sign and Discrepancy Certification

**Base Project:**

**24 MF Dwellings**

**Estimated Fees & Costs:**

- **Land Acquisition/Basis:** $350,000
- **Design:** $228,698
- **Governmental Fees:**
  - Development Approval: $11,161
  - Engineering/Subdivision: $75,427
  - Impact Fee Total: $403,631
  - Library Impact Fee: $9,240
  - School Impact Fee: $142,608
  - School Constr. Fee: $0
  - W/S Impact Fee: $188,681
  - MPDU Housing Fund: $0
  - Parkland Facilities Fee: $20,832
  - Parking Fee-in-Lieu: $24,000
  - Parking Fee-in-Lieu: $0
  - Forest Fee-in-Lieu: $0
  - Fire Code Rev. Fees: $182,270
  - Zoning/Building (Other): $136,878
- **Off-Site Improvements:** $100,000
- **Demolition:** $0
- **Construction**
  - Residential: $3,799,100
  - Commercial: $0
  - Parking: $240,000
  - Site/Landscape: $360,000
  - Other: $406,305
- **Soft Costs:** $426,977
- **Financing:** $716,594
- **Total Project:** $7,164,771

**ESTIMATED SCHEDULE**

- Pre-Development Phase: 15
- Construction Phase: 15
- Lease-Up Phase: 12

**PERFORMANCE METRICS**

- **Net New Dwellings Achieved:** 24
- **Density Achieved (DU/AC):** 48.0
- **Govt Fee Per Dwelling Unit:** $26,129
- **Affordability Index:** $70,200
- **Market Rent - Multifamily:** $1,950
- **Projected Annual Revenue:** $449,280
- **Return on Investment:** 6.3%
- **Estimated CAP Rate:** 6.5%
- **Market Valuation:** $6,912,000
- **Market Valuation per DU:** $288,000
- **Project Cost per DU:** $298,532

**Legend**

- Red
- Orange
- Yellow
- Green

**21,780 SF Vacant Parcel**
- Not in Historic District
- Mixed Use Proposal

**3,200 SF Commercial plus 24 Apartments**

**Base Project:**

**24 MF Dwellings**

**Estimated Fees & Costs:**

- **Land Acquisition/Basis:** $350,000
- **Design:** $228,698
- **Governmental Fees:**
  - Development Approval: $11,161
  - Engineering/Subdivision: $75,427
  - Impact Fee Total: $403,631
  - Library Impact Fee: $9,240
  - School Impact Fee: $142,608
  - School Constr. Fee: $0
  - W/S Impact Fee: $188,681
  - MPDU Housing Fund: $0
  - Parkland Facilities Fee: $20,832
  - Parking Fee-in-Lieu: $24,000
  - Parking Fee-in-Lieu: $0
  - Forest Fee-in-Lieu: $0
  - Fire Code Rev. Fees: $182,270
  - Zoning/Building (Other): $136,878
- **Off-Site Improvements:** $100,000
- **Demolition:** $0
- **Construction**
  - Residential: $3,799,100
  - Commercial: $0
  - Parking: $240,000
  - Site/Landscape: $360,000
  - Other: $406,305
- **Soft Costs:** $426,977
- **Financing:** $716,594
- **Total Project:** $7,164,771

**ESTIMATED SCHEDULE**

- Pre-Development Phase: 15
- Construction Phase: 15
- Lease-Up Phase: 12

**PERFORMANCE METRICS**

- **Net New Dwellings Achieved:** 24
- **Density Achieved (DU/AC):** 48.0
- **Govt Fee Per Dwelling Unit:** $26,129
- **Affordability Index:** $70,200
- **Market Rent - Multifamily:** $1,950
- **Projected Annual Revenue:** $449,280
- **Return on Investment:** 6.3%
- **Estimated CAP Rate:** 6.5%
- **Market Valuation:** $6,912,000
- **Market Valuation per DU:** $288,000
- **Project Cost per DU:** $298,532
ALT. 1:
3,200 SF Commercial plus
30 MF Dwellings

Estimated Fees & Costs:

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition/Basis</td>
<td>$350,000</td>
</tr>
<tr>
<td>Design</td>
<td>$274,058</td>
</tr>
<tr>
<td>Development Approval</td>
<td></td>
</tr>
<tr>
<td>Engineering/Subdivision</td>
<td></td>
</tr>
<tr>
<td>Impact Fee Total</td>
<td>$419,144</td>
</tr>
<tr>
<td>Library Impact Fee</td>
<td>$11,101</td>
</tr>
<tr>
<td>School Impact Fee</td>
<td>$255,726</td>
</tr>
<tr>
<td>School Constr. Fee</td>
<td>$0</td>
</tr>
<tr>
<td>W/S Impact Fee</td>
<td>$181,942</td>
</tr>
<tr>
<td>MPDU Housing Fund</td>
<td>$0</td>
</tr>
<tr>
<td>Parkland Facilities Fee</td>
<td>$0</td>
</tr>
<tr>
<td>Parkland Fee-in-Lieu</td>
<td></td>
</tr>
<tr>
<td>Parking Fee-in-Lieu</td>
<td>$0</td>
</tr>
<tr>
<td>Fire Code Rev. Fees</td>
<td>$19,182</td>
</tr>
<tr>
<td>Zoning/Building (Other)</td>
<td>$137,334</td>
</tr>
<tr>
<td>Off-Site Improvements</td>
<td>$100,000</td>
</tr>
<tr>
<td>Demolition</td>
<td>$0</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>$4,201,100</td>
</tr>
<tr>
<td>Commercial</td>
<td>$288,000</td>
</tr>
<tr>
<td>Parking</td>
<td>$225,000</td>
</tr>
<tr>
<td>Site/Landscape</td>
<td>$360,000</td>
</tr>
<tr>
<td>Other</td>
<td>$542,775</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$479,939</td>
</tr>
<tr>
<td>Financing</td>
<td>$829,002</td>
</tr>
<tr>
<td>Total Project</td>
<td>$8,292,975</td>
</tr>
</tbody>
</table>

Estimated Schedule

<table>
<thead>
<tr>
<th>Phase</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Development Phase</td>
<td>15</td>
</tr>
<tr>
<td>Construction Phase</td>
<td>15</td>
</tr>
<tr>
<td>Lease-Up Phase</td>
<td>12</td>
</tr>
</tbody>
</table>

Performance Metrics

<table>
<thead>
<tr>
<th>Item</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net New Dwellings</td>
<td>30</td>
</tr>
<tr>
<td>Density Achieved (DU/Ac)</td>
<td>60.0</td>
</tr>
<tr>
<td>Govt Fee Per Dwelling Unit</td>
<td>$21,437</td>
</tr>
<tr>
<td>Affordability Index</td>
<td>$67,680</td>
</tr>
<tr>
<td>Market Rent - Multifamily</td>
<td>$1,880</td>
</tr>
<tr>
<td>Projected Annual Revenue</td>
<td>$618,240</td>
</tr>
<tr>
<td>Return on Investment</td>
<td>7.5%</td>
</tr>
<tr>
<td>Estimated Cap Rate</td>
<td>6.50%</td>
</tr>
<tr>
<td>Market Valuation</td>
<td>$9,511,385</td>
</tr>
<tr>
<td>Market Valuation per DU</td>
<td>$317,046</td>
</tr>
<tr>
<td>Project Cost per DU</td>
<td>$276,432</td>
</tr>
</tbody>
</table>

Estimated Schedule

<table>
<thead>
<tr>
<th>Phase</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Development Phase</td>
<td>15</td>
</tr>
<tr>
<td>Construction Phase</td>
<td>15</td>
</tr>
<tr>
<td>Lease-Up Phase</td>
<td>12</td>
</tr>
</tbody>
</table>

Performance Metrics

<table>
<thead>
<tr>
<th>Item</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net New Dwellings</td>
<td>18</td>
</tr>
<tr>
<td>Density Achieved (DU/Ac)</td>
<td>36.0</td>
</tr>
<tr>
<td>Govt Fee Per Dwelling Unit</td>
<td>$39,897</td>
</tr>
<tr>
<td>Affordability Index</td>
<td>$93,400</td>
</tr>
<tr>
<td>Market Rent - Townhouse</td>
<td>$2,594</td>
</tr>
<tr>
<td>Projected Annual Revenue</td>
<td>$448,320</td>
</tr>
<tr>
<td>Return on Investment</td>
<td>5.6%</td>
</tr>
<tr>
<td>Estimated Cap Rate</td>
<td>6.50%</td>
</tr>
<tr>
<td>Market Valuation</td>
<td>$6,897,231</td>
</tr>
<tr>
<td>Market Valuation per DU</td>
<td>$383,179</td>
</tr>
<tr>
<td>Project Cost per DU</td>
<td>$442,290</td>
</tr>
</tbody>
</table>

KEY FINDINGS:

1. A project of this size has all the costs and complications of larger projects without the economies of scale. The scale of this project as a residential multi-family rental building is a challenge.

2. This analysis (Alternate 1) assumes fee reductions, income from the commercial component and rents at the higher end of the market. It also assumes an optimistic and minimal level of off-site and mitigation costs.

3. Not being within the downtown parking district requires a substantially higher parking standard without the relief offered in the parking district. Shared parking with adjacent properties would be helpful. This leads to a general conclusion that the ability to consolidate smaller parcels, whether under single ownership, or through joint ventures, will improve value and financial viability. The City may be able to play a role in consolidation opportunities.

4. As was the case for Prototype C, these ‘missing middle’ projects may need additional resources beyond fee reductions and density increases in order to move forward.

Alternative 1:
This alternative proposes six (6) additional micro-units over garage parking at the rear of the property and 3,200 square feet of ground retail in addition to 24 units proposed in the base project. This results in slightly smaller average unit sizes and slightly lower rents.

Impact fees are only assessed against the base project 24 units. The six new units also are exempt from the MPDU fee-in-lieu. These charges, plus the addition of the revenue from the commercial space increases the ROI from 6.3% to 7.5%. The market valuation as compared to the project costs goes from a negative relationship approaching +15%. The elimination of off-site improvement expenditures and an expedited schedule would further improve this project’s financial viability.

Alternative 2:
This alternative assumes a for-sale project of 18 townhouses. It includes both stacked and slab-on-grade townhouses. For purposes of comparison, the project was modeled as a rental community, but due to the substantial negative delta in valuation as compared to cost and low ROI, the project was deemed unfeasible.

If the project was to be developed as a for-sale community, it is estimated that the average sales price would need to be approximately $550,000, or nearly $300 per square foot. Comparable and recent sales in downtown were approximately $250-260 per square foot.

Additionally, the small number of product offerings is not consistent with the programing of most builders, thus reducing the number of builders that would be attracted to such a project.
Conclusions and Recommendations

Overview.
This Live Downtown Frederick Case Study Project, in addition to generating policy and cost-related data for each prototype, looked closely at broadly held perceptions regarding building in Downtown Frederick. This review included an evaluation of the relative efficiency of the City’s project review and approval process, the effects of City imposed fees and costs on the feasibility of new housing, and the net impact of the application of Historic Preservation guidelines on the cost and complexity of providing housing. This study analyzed these issues across the full range of project types and scales.

The analysis involved a detailed review of over a dozen City project case files, multiple interviews with City staff, and outreach to housing experts, local builders, and other real estate professionals and consultants familiar with the downtown market.

General Observations.
There are general trends and existing conditions in Downtown Frederick that have a significant effect on the ability to deliver new housing. Some of these trends are either out of the scope of this study or are beyond the stated objective of policy and regulatory changes that the Consultant Team was tasked with. Other trends are not yet manifest in the data, but have potential long-term benefit to the goal of providing more housing in Downtown Frederick. Where appropriate, these trends are captured in the recommendations section of this document.

Included in this list are the general rental and for-sale pricing that is present in downtown. There are some areas of gentrification that would suggest continued optimism in the long-term prospects for the market. Regardless, the market valuations struggle to keep pace with the cost and complexity of building in a physically constrained, historic context. Many of the projects that are moving forward, are doing so only because they have been able to offset these costs by accessing third-party sources of funding. While that will likely continue, in order to achieve broader industry participation, more sustainable approaches also are needed.

Key Takeaways.
In the context of the stated objectives for this project — that being the identification of cost, processing, and regulatory changes that can positively affect new housing in downtown — there are several key takeaways that can be gleaned from the data.

1. The modeled prototype examples exhibited similarities to recently built projects in the study area, in terms of overall configuration, building types, and unit yields. This similarity lent credibility to the assumptions on which the models were based, as well as to the consultant’s interpretation and application of the regulations governing each type. The one exception to this was the prototype example alternative D2, which was used to test the cost of structured parking relative to the value of the additional units using that parking allowed. There are no comparable recent examples of this model downtown.

2. Regardless of the similarities between the prototype examples and recent built projects, it is reasonable to conclude that, given the large number of variables and potential unknowns, there is no such thing as a “typical” downtown project. This lack of predictability adds uncertainty and risk to the potential for return, limiting the Frederick housing market’s appeal to institutional investors, while favoring smaller, local builders and entrepreneurs, who are often more willing to put in the time and effort to both learn and adapt to the market’s intricacies.

3. For larger builders and investors, a further challenge to building downtown remains the scarcity of large parcels, especially in the downtown core. This limits the opportunities for achieving competitive economies of scale relative to the risk involved, and for offsetting the fixed costs and operational inefficiencies associated with smaller projects.

4. On the other hand, the data indicated that, in terms of both risk and return on investment, smaller renovation and remodeling projects had the best results, although still below the returns found favorable to many housing providers. However, the smaller builders and rehabilitation experts who specialize in this niche are well positioned to provide needed housing. Regardless, once there is a change of use, or the addition of new units, these niche builders also are impacted, and in a disproportional manner, by the complexity and costs of the current review and approval process, relative to the modest size of the project.

5. The most challenging project size, in terms of cost and complexity, are the mid-sized projects, which have the complexity and cost of large projects, without their economies of scale. This is reflected both in the Consultant Team’s findings, and also the fact that the built projects in this size range would not have been feasible without additional funding/subsidy resources, or some other type of cost reduction strategy.

6. Portions of the study area do have parking incentives built into the code. However, the availability of parking on-site is a significant factor in rent structure and property valuations. Even so, newer units with dedicated off-street parking can quickly reach the upper limits of market rents, and thereby have a dampening effect on rehabilitation projects.

7. The Land Management Code provides some incentives for building downtown. However, much of the governing regulations apply a “one-size fits all” approach which does not acknowledge the uniqueness of the downtown context.

8. In reviewing comparable rents in the market, there appears to be a significant rent premium, on a per-square-foot basis, for smaller units and studio apartments. However, assessing fees on a per-unit basis, as is the current City practice, discourages investment in smaller unit sizes. Applying impact fees to accessory dwelling units is the extreme example of this counterproductive policy.

9. Policy changes which help to address any of these issues, either individually or collectively, could help to lower the threshold of project feasibility to move an otherwise infeasible development opportunity, move closer to financial viability, or make a marginal one, better, thereby encouraging the building of more housing downtown.

10. While the downtown is not a homogenous monolith, the historic core will likely remain a niche market. Opportunities for institutional investors and larger regional or national builders will occur on larger parcels on the emerging edge of downtown and in the East Street corridor. Although each area would have a different approach, there was widespread agreement that new construction should be a logical addition to, and/or extension of, the downtown fabric and context.

Recommendations
The following recommendations are offered within the Umbrella Objective of increasing housing in Downtown Frederick. As stated previously in this document, the focus of these recommendations are specific to policy and regulatory enhancements.

These recommendations include proposed solutions that offer both cost and time-savings, reduce uncertainty, better define City expectations, streamline the process, avoid redundant requirements, or otherwise enhance project feasibility within the downtown context.

Recommendation 1: Implement the Comprehensive Plan’s Housing Element.

The Housing Element of the Comprehensive Plan states that in order to promote the development of housing at prices that reflect the range of incomes within the City, the City should, in addition to the MPDU program, “explore...options and incentives to produce more modestly-priced units. These options could include, but are not limited to, priority permit processing, performance standards, fee exemptions, and property tax deferral.”
The policy objectives of the Comprehensive Plan further define how new housing in Downtown Frederick can be accomplished. These objectives include specific strategies such as:

1. Make the process more predictable (Housing Element Policy 1.1);
2. Introduce priority permitting (Housing Element Policy 2.2);
3. Implement fee exemptions (Housing Element Policy 2.2);
4. Allow fee and tax deferrals in order to infuse new residential development (Housing Element Policy 2.2);
5. Promote higher-density residential and pedestrian-friendly development (Housing Element Policy 4.1);
6. Encourage infill and redevelopment with flexible standards (Housing Element Policies 5.2 & 5.3);
7. Add housing through adaptive reuse (Housing Element Policy 5.4);
8. Add new residential housing (Housing Element Policy 6.1).

Recommendation:
The implementation of some or all of the stated strategies in the Housing Element will further the goal of new housing in Downtown Frederick. As stated elsewhere in this report, there are several specific ways the City can positively affect housing construction though higher densities, flexible standards, fee exemptions, tax deferrals, and expedited reviews.

Recommendation 2: Modify APFO Reviews and Fee Assessments.

Currently, the Adequate Public Facilities Ordinance (APFO) is administered uniformly throughout the City. Impact and other fees are also uniformly assessed. All fees are based on unit type and use, without deference to unit size or affordability.

The City is a complex and sophisticated network of interrelated, yet distinct neighborhoods, each with its own unique characteristics. The most mature of these areas is downtown, containing a street and pedestrian system that is comprehensive, interconnected, and complete. This pattern has the ability to facilitate and accommodate an incredible variety of co-existing uses. The intrinsic efficiencies of this model should be reflected in the graduated assessment of impact fees and other relevant standards.

Recommendation:
Recognize the inherent differences of the historic downtown core and the emerging downtown edge and adjust testing and fee assessment accordingly, including:

1. Implement a specific approach that demonstrably reduces and/or eliminates fee and regulatory barriers to new housing. There should be different approaches for the historic core and the emerging edge, which reflect the conditions unique to each.
2. Implement APFO standards that encourage mixed-use, pedestrian-scaled development and reduce housing costs. Emphasize pedestrian, bicycle and transit planning and de-emphasize vehicle lane capacity standards in CAPF-R review.
3. Reassess the requirement for traffic impact studies for downtown properties. If it is found to be unnecessary, there should be a simple CAPF-R certification process.
4. Eliminate APFO intersection improvement requirements and escrow payments in areas where the existing historic fabric makes it undesirable or highly unlikely to widen and faster roads that are inconsistent with a pedestrian-scaled environment.

Recommendation 3: Assess Fees to Encourage New Housing.

Current policies discourage the construction of smaller unit sizes. Impact fees, as an example, are assessed on a per-unit basis, regardless of project location, unit size or context. This approach favors building fewer, and larger units, often outside the historic core, contrary to the goals of achieving more housing units in Downtown Frederick.

Recommendation:
Where fees are applied, adjust to accommodate differences in unit types and size, consistent with policy goals. One approach is the application of fees on a square foot basis, rather than a unit basis. This would incentivize smaller unit infill development.

Recommendation 4: Historic Preservation Review.

Projects within the Historic District are often subject to both Planning Commission and Historic Preservation Commission oversight and review, which can complicate and lengthen the project planning, design, and approval process. Steps to simplify and facilitate coordination between these two reviews could help to reduce project cost and incentivize housing.

Reasonable and modest changes to the application of applicable standards for buildings within the Historic District could also encourage the improvement of existing structures to include more housing units.

Recommendation:
1. Prioritize the application of preservation and rehabilitation standards by utilizing a pre-application determination of primary, secondary and tertiary facades with proportional standards for each.
2. Simplify reviews and reduce time frames through the implementation of joint workshops between the Planning Commission and the Historic Preservation Commission.
3. Research the expanded use of synthetic materials, consistent with the Secretary of the Interior’s standards, on historic facades where there is no reasonably discernible aesthetic difference in application or in areas not in close proximity to the general public.
Recommendation 5: Bonuses and Incentives.

Bonus units and housing incentives can encourage new downtown housing. However, the approach needs to align with the scale of development and the uniqueness of each project type.

New development and rehabilitation in downtown can be subdivided into three general scales: small infill and rehabilitation projects, mid-sized infill projects, and larger-scaled projects on larger parcels with fewer contextual issues. Our recommendations are focused on these three scales.

Recommendation 5.1: Bonuses and Incentives for Small Infill and Renovation Projects.

Managing costs to enable modest density increases can have a significant impact on the viability of small infill and renovation projects. Fees are typically assessed at the first unit built which disproportionately affects these smaller projects.

Recommendation:
In order to incentivize these project types, it is recommended that a ‘fee-free’ density bonus of one to three new housing units be permitted. It is recommended that these fee-free bonus units be allowed in proportion to the project size. Additionally, it is proposed that a density bonus above existing zoning limits be permitted when deemed appropriate to do so, with standards and procedures adopted to make that determination.

Recommendation 5.2: Bonuses and Incentives for the Missing Middle.
Mid-sized projects have the complexity and cost of their larger counterparts, but not the economies of scale over which to spread that cost and risk. Properties within walking distance of municipal parking are inherently more feasible, due to the ability to reduce on-site parking as a component of their cost structure, but many candidate sites don’t have this option.

Recommendation:
Based on our analysis, this project scale struggles to achieve feasibility, even with substantial reductions in review time frames, costs and fees. On-site parking adds to the burden, limiting the ability to achieve reasonable densities at reasonable costs. This size project may require outside resources in order to be viable in the current market. This is the scale of project that would benefit the most from the policy recommendations in the Housing Element of the Comprehensive Plan. Potential strategies that should be studied further on select projects include:

1. Deferral of taxes and major fees;
2. Exemption of fees;
3. Implementation of a sliding scale of development requirements that require a lesser standard and cost structure based on project size;
4. Allow the transfer of unused value where historic resource protection, and/or other development constraint, limits new housing construction; and
5. Permit micro-units and accessory units that are fee-free.

Recommendation 5.3: Bonuses and Incentives for Larger Properties.
Due to their scale, larger projects have significant up-front costs and challenges. However, larger projects have the potential to infuse significant amounts of new downtown housing.

Our study indicated that the retention of contributing historic structures often reduces overall housing potential. Therefore, where there are open parcels and limited restrictions, major development should be encouraged. Additionally, due to the substantial cost and complexity of these projects, the City should facilitate expedited reviews. Where permissible, these larger parcels may also benefit from a density transfer, consistent with policy objectives.

Recommendation:
Encourage new housing on sites with limited constraints and contextual issues. This incentive could include:

1. Shared development or density transfers with constrained parcels;
2. Density and height bonuses; and
3. Expedited reviews with assigned staff to facilitate the process.

Recommendation 6: Density Transfer Options.

Many properties in Downtown Frederick are prevented from achieving the theoretical maximum number of housing units allowed by zoning, regardless of the extent of policy-based incentives applied. This is often a function of limits associated with the historic district overlay and neighborhood context.

To help meet the policy goal of increased downtown housing, one approach would be to allow the theoretical density allowances allocated to constrained properties to be transferred to other properties within downtown, that are better able to make use of this allocation. This approach would be subject to all the regulatory and policy controls already in the City code.

In the alternative, the City could allow an optional method of development that permits a pre-determined density reallocation and an increase in height and density on appropriate sites. This process would be decided on a case-by-case basis, consistent with current policies of the Comprehensive Plan and the principles of walkable, transit-supportive mixed-use. Height and density increases would still need to meet established neighborhood compatibility criteria.
Conclusion

Surprisingly, given the number of policy options considered, the case study alternatives showed only modest incremental benefits in terms of return on investment and overall valuation, even when those options were most favorably applied. Yet even these modest changes, when cumulatively applied, positively ‘moved the needle’ of feasibility. Regardless, our analysis concluded that the theoretical returns achievable, relative to the level of risk, were often insufficient to meet generally accepted market thresholds of feasibility.

In other words, the recommendations within this report, if implemented, would have a positive effect on the ability of the marketplace to provide more housing in Downtown Frederick, but in many instances it is still not enough to overcome inherent challenges outside the control of the regulatory process.

Also, infill efforts focused exclusively on increasing project yield (number of units) to the maximum allowable under zoning, based on higher, denser, and more complex building types, frequently could not overcome the disproportionate costs and complexity associated with those development models. This indicates that the current Frederick market is not yet able to support these more complex building types.

What the analysis does confirm is that project viability, as modeled on current policies and standards, tends to occur primarily at either end of the spectrum: modest and simple small-scale projects, or projects large enough to achieve meaningful economies of scale. In the first case however, the housing contributed per project completed is modest, at best, and in the latter, there are few parcels in the downtown core well suited for the kinds of large projects that could provide meaningful additions of housing.

The independent entrepreneurial builder/developer, or private investor, working at the smaller end of the market, would likely benefit most from the proposed policy recommendations, and may still represent the best short-term option for delivering more housing in the downtown core, working consistently at an effective, incremental level. Regardless, policy changes such as shifting fees from a per-unit basis to one that is square-footage based, would help not only those entities already working downtown, but could also help to make mid-size and large scale projects more viable, thereby encouraging the development of more units consistent with stated policy objectives.

Post Script

The general findings of this report were presented on April 28, 2017 at the Housing Symposium hosted by Downtown Frederick Partnership and held at the Delaplaine Visual Arts Center located at 40 South Carroll Street. There were approximately 75 to 100 persons in attendance.

Feedback at that meeting included several suggestions and/or concerns by participants that are not necessarily covered in this report. These concerns should be considered by the City of Frederick in future policy and/or regulatory updates. Generally, concerns can be summarized as follows:

1. Accessory Dwelling Units, or ADUs, are an excellent method to provide affordable housing for new downtown residents. However, the current restrictive policies relative to the construction of ADUs, such as the application of impact fees, makes construction infeasible. Participants suggested the City review and amend their policies associated with ADUs.

2. The introduction of a form-based code as an alternative approach to the current application of the Land Management Code (LMC) was suggested. It was discussed as a superior approach to the technical methodologies that underpin the LMC. It was also suggested that a form-based approach would better deal with issues such as building massing, architectural design, and neighborhood compatibility.

3. Participants identified the return on investment thresholds developed by the Consultant Team as low and not adequately reflecting the relative risk associated with downtown development. It was suggested that new approaches were needed to reduce risks and costs associated with downtown development in order to incentivize new construction.
Appendix

1. Prototype Development Data
2. Process Flow Charts
3. Funding and Other Resources
### EXISTING CONDITIONS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$ 555,000</td>
<td>Lot Rec</td>
<td>6900</td>
<td>Resid.</td>
<td>1</td>
<td>5</td>
<td>Resid.</td>
<td>Resid.</td>
<td>Rental</td>
<td>0</td>
<td>3</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>B</td>
<td>$ 850,000</td>
<td>Lot Rec</td>
<td>8500</td>
<td>DB</td>
<td>1</td>
<td>0</td>
<td>Ret/Office</td>
<td>Retail/Resid.</td>
<td>Rental</td>
<td>0</td>
<td>4</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>C</td>
<td>$ 1,100,000</td>
<td>Lot Rec</td>
<td>20000</td>
<td>Office/Vac.</td>
<td>2</td>
<td>0</td>
<td>Office/Vac.</td>
<td>Resid.</td>
<td>Rental</td>
<td>63</td>
<td>3</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>D</td>
<td>$ 1,000,000</td>
<td>Parcel 36000</td>
<td>1</td>
<td>Office</td>
<td>0</td>
<td>0</td>
<td>Office/Vac.</td>
<td>Resid.</td>
<td>Rental</td>
<td>150</td>
<td>1</td>
<td>Partial</td>
<td>Partial</td>
<td>Yes</td>
</tr>
<tr>
<td>E</td>
<td>$ 350,000</td>
<td>Parcel 0</td>
<td>DB/DR</td>
<td>Vacant</td>
<td>1</td>
<td>0</td>
<td>Retail/Resid.</td>
<td>Rental</td>
<td>Rental</td>
<td>50</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>No</td>
</tr>
</tbody>
</table>

### THEORETICAL YIELDS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Rehabilitation of existing units, no additional units.</td>
<td>A</td>
<td>6900</td>
<td>0.158</td>
<td>75</td>
<td>75</td>
<td>11</td>
<td>0</td>
<td></td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-Alt 1</td>
<td>Max. per zone, all interior renovation into micro-units.</td>
<td>A-Alt 1</td>
<td>6900</td>
<td>0.158</td>
<td>75</td>
<td>75</td>
<td>11</td>
<td>0</td>
<td></td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-Alt 2</td>
<td>All interior renovation, only 2 additional units.</td>
<td>A-Alt 2</td>
<td>6900</td>
<td>0.158</td>
<td>75</td>
<td>75</td>
<td>11</td>
<td>0</td>
<td></td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Change of use, interior renovations, access reqd.</td>
<td>B</td>
<td>3400</td>
<td>0.078</td>
<td>75</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td></td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-Alt 1</td>
<td>Change of use, interior renovations, access reqd., one bonus fee free unit, requires code change.</td>
<td>B-Alt 1</td>
<td>3400</td>
<td>0.078</td>
<td>75</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td></td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-Alt 2</td>
<td>Change of use, interior renovations, access reqd. two bonus fee free units, requires code change.</td>
<td>B-Alt 2</td>
<td>3400</td>
<td>0.078</td>
<td>75</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td></td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-Alt 3</td>
<td>Change of use, interior renovations, access reqd., three bonus fee free units, requires code change.</td>
<td>B-Alt 3</td>
<td>3400</td>
<td>0.078</td>
<td>75</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td></td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Renovate ex. office and construct new residential building, partial podium.</td>
<td>C</td>
<td>44000</td>
<td>1.010</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>10</td>
<td>15%</td>
<td>92</td>
<td>14</td>
<td>92</td>
<td>79</td>
</tr>
<tr>
<td>C-Alt 1</td>
<td>Renovate ex. office and construct new residential building, partial podium, add'l units.</td>
<td>C-Alt 1</td>
<td>44000</td>
<td>1.010</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>10</td>
<td>15%</td>
<td>92</td>
<td>14</td>
<td>92</td>
<td>79</td>
</tr>
<tr>
<td>C-Alt 2</td>
<td>Renovate ex. office and construct new residential building, partial podium, add'l units, fee reduct., no off-site, no sch</td>
<td>C-Alt 2</td>
<td>44000</td>
<td>1.010</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>10</td>
<td>15%</td>
<td>92</td>
<td>14</td>
<td>92</td>
<td>79</td>
</tr>
<tr>
<td>D</td>
<td>Renovate ex. Commercial to residential, new construction, partial demolition, surface parking.</td>
<td>D</td>
<td>97000</td>
<td>2.227</td>
<td>75</td>
<td>75</td>
<td>167</td>
<td>21</td>
<td>15%</td>
<td>203</td>
<td>31</td>
<td>203</td>
<td>120</td>
</tr>
<tr>
<td>D-Alt 1</td>
<td>Renovate ex. Commercial to residential, new construction, NO demolition.</td>
<td>D-Alt 1</td>
<td>97000</td>
<td>2.227</td>
<td>75</td>
<td>75</td>
<td>167</td>
<td>21</td>
<td>15%</td>
<td>203</td>
<td>31</td>
<td>203</td>
<td>120</td>
</tr>
<tr>
<td>D-Alt 2</td>
<td>Renovate ex. Commercial to residential, new construction, aggressive demolition, parking deck.</td>
<td>D-Alt 2</td>
<td>97000</td>
<td>2.227</td>
<td>75</td>
<td>75</td>
<td>167</td>
<td>21</td>
<td>15%</td>
<td>203</td>
<td>31</td>
<td>203</td>
<td>148</td>
</tr>
<tr>
<td>E</td>
<td>24 MF units, new construction, with 3,200 sf comercial.</td>
<td>E</td>
<td>21780</td>
<td>0.500</td>
<td>75</td>
<td>75</td>
<td>40</td>
<td>37</td>
<td>5</td>
<td>15%</td>
<td>45</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>E-Alt 1/2/3</td>
<td>24 MF units, new construction, plus 6 units and 3,200 sf commercial, various levels of fee and processing reductions.</td>
<td>E-Alt 1</td>
<td>21780</td>
<td>0.500</td>
<td>75</td>
<td>75</td>
<td>40</td>
<td>37</td>
<td>5</td>
<td>15%</td>
<td>45</td>
<td>7</td>
<td>26</td>
</tr>
<tr>
<td>E-Alt 4</td>
<td>18 for sale towns.</td>
<td>E-Alt 2</td>
<td>21780</td>
<td>0.500</td>
<td>75</td>
<td>75</td>
<td>40</td>
<td>37</td>
<td>5</td>
<td>15%</td>
<td>45</td>
<td>7</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Summary of Development Data

The following three tables are a summary of the development data for each of the studied prototypes.

The information in the first table lists the existing conditions established for each prototype prior to design and analysis. The Consultant Team used this data to create representative base maps.

The second chart includes a brief description of each base project and alternative design and calculates the theoretical yield and density of the various base prototypes and alternative designs.

This information was useful in analyzing the relative efficiencies of the prototypes and alternative designs. It also identified sites or designs that can achieve MPDU bonus densities and those that cannot. It should be noted that none of the studied alternatives included an MPDU bonus.

This was primarily a function of the limits of the rent structure in downtown, the constraints of smaller building sites and the extraordinary cost of providing on-site parking.

The final chart illustrates the actual yield and detailed data for each prototype and alternative design. It includes the overall dwelling unit yield and the required number of moderately priced dwelling units, the proposed gross square footage of commercial and residential areas, the average unit size, required and provided parking, proposed building heights, proposed building construction types, floor area ratio, and density.

Each of these values were used to inform the financial analysis with greater detail utilized as needed to better define costs and revenue. For example, the financial analysis further defined the amount of surface parking, podium parking and structured parking proposed in each alternative in order to better reflect the cost structure for the project. Similarly, building construction costs were further defined by type of construction including minor rehabilitation of existing historic structures, major renovations of existing historic structures, and new construction.

### ACTUAL YIELD

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6900</td>
<td>6900</td>
<td>n/a</td>
<td>1104</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>III</td>
<td>1.0</td>
</tr>
<tr>
<td>A-Alt 1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6900</td>
<td>6900</td>
<td>n/a</td>
<td>520</td>
<td>9</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>III</td>
<td>1.0</td>
</tr>
<tr>
<td>A-Alt 2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6900</td>
<td>6900</td>
<td>n/a</td>
<td>789</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>III</td>
<td>1.0</td>
</tr>
<tr>
<td>B</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>2125</td>
<td>6375</td>
<td>8500</td>
<td>1084</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>V-A</td>
<td>2.5</td>
</tr>
<tr>
<td>B-Alt 1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>2125</td>
<td>6375</td>
<td>8500</td>
<td>850</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>V-A</td>
<td>2.5</td>
</tr>
<tr>
<td>B-Alt 2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>2125</td>
<td>6375</td>
<td>8500</td>
<td>774</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>V-A</td>
<td>2.5</td>
</tr>
<tr>
<td>B-Alt 3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>2125</td>
<td>6375</td>
<td>8500</td>
<td>677</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>V-A</td>
<td>2.5</td>
</tr>
<tr>
<td>C</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>75700</td>
<td>75700</td>
<td>n/a</td>
<td>1022</td>
<td>48</td>
<td>63</td>
<td>1.00</td>
<td>4</td>
<td>and 2</td>
<td>III</td>
</tr>
<tr>
<td>C-Alt 1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>75700</td>
<td>75700</td>
<td>n/a</td>
<td>933</td>
<td>52</td>
<td>63</td>
<td>0.91</td>
<td>4</td>
<td>and 2</td>
<td>III</td>
</tr>
<tr>
<td>C-Alt 2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>75700</td>
<td>75700</td>
<td>n/a</td>
<td>858</td>
<td>57</td>
<td>63</td>
<td>0.84</td>
<td>4</td>
<td>and 2</td>
<td>III</td>
</tr>
<tr>
<td>D</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>114300</td>
<td>114300</td>
<td>2400</td>
<td>975</td>
<td>68</td>
<td>106</td>
<td>1.2</td>
<td>4</td>
<td>and 1</td>
<td>III</td>
</tr>
<tr>
<td>D-Alt 1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>3600</td>
<td>59900</td>
<td>63500</td>
<td>1060</td>
<td>28</td>
<td>74</td>
<td>2.0</td>
<td>3</td>
<td>and 1</td>
<td>III</td>
</tr>
<tr>
<td>D-Alt 2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>3600</td>
<td>141000</td>
<td>144600</td>
<td>975</td>
<td>112</td>
<td>198</td>
<td>1.3</td>
<td>6</td>
<td>III-A w Pod.</td>
<td>0.4</td>
</tr>
<tr>
<td>E</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>3220</td>
<td>22380</td>
<td>25580</td>
<td>906</td>
<td>18</td>
<td>40</td>
<td>1.7</td>
<td>4</td>
<td>V-A</td>
<td>0.0</td>
</tr>
<tr>
<td>E-Alt 1/2/3</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>3200</td>
<td>24780</td>
<td>27980</td>
<td>793</td>
<td>23</td>
<td>38</td>
<td>1.3</td>
<td>4</td>
<td>2-V-A</td>
<td>0.0</td>
</tr>
<tr>
<td>E-Alt 4</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>34400</td>
<td>34400</td>
<td>1911</td>
<td>n/a</td>
<td>14</td>
<td>38</td>
<td>2.1</td>
<td>3</td>
<td>and 4</td>
<td>III</td>
</tr>
</tbody>
</table>
Potential Funding Sources for Preservation Projects

Below is a list of public and private entities that have previously funded heritage preservation projects. This list is not exhaustive, and organizations may change their programs, so be sure to review the materials on the websites indicated below for more information.

**FEDERAL GOVERNMENT SOURCES**

Grants.gov (www.grants.gov) is a website that allows organizations to electronically find and apply for competitive grant opportunities from all federal grant-making agencies. The site is a single access point for more than 900 grant programs offered by 26 Federal grant-making agencies. It is a very good starting point for research on federal grants.

The Department of Agriculture’s Rural Development Program (www.rurdev.usda.gov) offers a range of nationally competitive grant programs, including Rural Business Opportunity Grants which fund training or technical assistance funding to public bodies, nonprofit corporations, and rural cooperatives to promote sustainable economic development in rural communities, and various community development grants which support housing, community facilities, and economic development projects.

The Department of Education (www.ed.gov) offers an abundance of programs that are of interest to heritage preservation groups. The website can be accessed by organization type (nonprofit, local or state government).

The Department of the Environment (http://www.epa.gov/epahome/grants.htm) offers assistance for the assessment and cleanup of contaminated industrial sites through programs like the Brownfields Assessment Grants Program.


The National Archives and Records Administration operates the National Historical Publications and Records Commission (NHPRC) (www.archives.gov/nhprc/) which supports a wide range of activities to preserve, publish, and encourage the use of documentary sources relating to the history of the United States. Through its grant program, training programs, research services and special projects, the Commission offers advice and assistance to individuals, institutions and non-federal agencies committed to the preservation and use of America’s documentary resources.

The National Park Service (NPS) (www.cr.nps.gov) offers grant programs for heritage preservation projects including:
- The American Battlefield Protection Program (https://www.nps.gov/abpp/index.htm) which offers grants to federal agencies, tribal, state, and local governments, educational institutions, and nonprofit historic preservation and other private sector organizations for projects that lead directly to the identification, preservation, and interpretation of battlefield land and/or historic sites associated with battlefields.
- The National Center for Preservation Training and Technology (https://www.ncptt.nps.gov/) which supports research, training, meetings, conferences and publications related to archaeology, historic architecture, historic landscapes and materials conservation.
- The Historic Preservation Fund Grants Program (https://www.nps.gov/preservation-grants/) are generally focuses on special initiatives such as disaster recovery, Civil Rights heritage, etc.

The National Endowment for the Arts (NEA) (https://www.arts.gov) offers several types of grants that can benefit heritage preservation projects, including:
- Challenge America (https://www.arts.gov/grants-organizations/challenge-america/grant-program-description) supports small and mid-sized organizations for projects that extend the reach of the arts to under-served populations.
- Our Town (https://www.arts.gov/grants/organizations/our-town/introduction/) offers support in the areas of arts engagement, cultural planning, design projects, and projects that build knowledge about creative place-making.

The National Endowment for the Humanities (NEH) (www.neh.gov/grants/index.html) offers several programs that can fund heritage preservation projects, including:
- Public Humanities Project (https://www.neh.gov/grants/public/public-humanities-projects) supports the realization of interpretive exhibitions (both long-term and traveling), the interpretation of historic sites, associated interpretive project components (such as publications and public symposia), public programming, and websites;
- Preservation Assistance Grants for Smaller Institutions (https://www.neh.gov/grants/preservation/preservation-assistance-grants-smaller-institutions) helps assist both small and mid-sized institutions such as libraries, museums, historical societies, archival repositories, etc. This grant helps improve the ability to preserve and care for significant humanities collections.
- Sustaining Cultural Heritage Collections (https://www.neh.gov/grants/preservation/sustaining-cultural-heritage-collections) assists institutions in preserving and managing diverse humanities collections; and supports institutional resilience to preserve collections for future generations.

The Naval History and Heritage Command, a part of the Department of the Navy, offers The Vice Admiral Edwin B. Hooper Research Grant (https://www.history.navy.mil/get-involved/grants-and-fellowships/hooper-research-grants.html) to assist scholars in the research or writing of books or articles by helping to defray the costs of travel, living expenses, and document duplication, related to the research process.

**STATE GOVERNMENT RESOURCES**

The Governor’s Grants Office (http://www.grants.maryland.gov/) assists state and local governments and community-based organizations in identifying federal grant opportunities while ensuring these groups are aware of assistance that may be available through state or private foundation grants.

The Maryland Department of Housing and Community Development (DHCD) (http://dhcd.maryland.gov/Pages/default.aspx) provides an array of funding programs for community revitalization and heritage preservation.

- The Community Investment Tax Credit (http://dhcd.maryland.gov/Communities/Pages/programs/CITC.aspx) which supports nonprofit projects by awarding allocations of state tax credits to projects such as redevelopment assis-
tance, and supporting physical improvements to upgrade areas.

- The Technical Assistance Grants Program (http://dhcd.maryland.gov/Communities/Pages/tag/default.aspx) provides funding to nonprofit organizations, local governments, local development agencies and local development corporations to obtain or provide advisory, consultative, training, information, and other services which can include preservation activities.

- The Nonprofit Assistance Fund (Operating Assistance Grants) combines the Main Street Improvement Program, the Nonprofit Assistance Fund, and Technical Assistance Grants.

The Maryland Department of Planning (MDP) (http://planning.maryland.gov) does not provide direct grant funding, but manages the Maryland InfoPortal (http://planning.maryland.gov/OurWork/MarylandInfoPortal.shtml), a database of financial and nonfinancial assistance.

The Maryland Historical Trust (MHT) (http://mht.maryland.gov/), an agency of the Maryland Department of Planning, provides funding for heritage preservation projects through several grant and loan programs including:

- **African American Heritage Preservation Grant Program** (https://mht.maryland.gov/grants_africanamerican.shtml), administered as a partnership between MHT and the Maryland Commission on African American History and Culture (MCAHHC). The grant provides support for the acquisition, construction, or rehabilitation of buildings, sites, or communities of historical and cultural importance to the African American experience in Maryland.

- **Capital Historic Preservation grants** are available to eligible applicants for projects including acquisition, rehabilitation, or restoration of historic property. A historic property is defined as any prehistoric or historic district, site, building, structure, or object included in the Maryland Register of Historic Properties.

- **Non-Capital Historic Preservation grants** are available to non-profit organizations and local governments for research, survey, planning, and educational activities involving architectural, archeological or cultural resources. Eligible activities include, but are not limited to, the development of preservation plans, architectural, archeological, or cultural surveys, educational outreach programs and National Register nominations.

- **The Certified Local Government (CLG) Program** (http://mht.maryland.gov/grants_clg.shtml) supports a variety of projects such as historic site research and survey work, National Register nomination development, archeological investigations, community planning, and public education.

- **The Historical Loan Assistance Loan Program** (http://mht.maryland.gov/loans.shtml) provides loans to nonprofit organizations, local jurisdictions, business entities, and individuals to assist in the protection of historic property. Loan funds can be used to acquire, rehabilitate, or restore historic property. They may also be used for short-term financing for studies, surveys, plans and specifications, and architectural, engineering, or other special services directly related to pre-construction work.

- **The Heritage Structure Rehabilitation Tax Credit Program** (http://mht.maryland.gov/taxCredits.shtml) provides Maryland income tax credits equal to 20% of the qualified capital costs expended in the rehabilitation of a "certified heritage structure," which can include structures listed in the National Register of Historic Places, designated as a historic property under local law, located in a historic district, and certified as contributing to the district's significance. The credit is available for owner-occupied residential properties as well as income-producing properties. The rehabilitation must conform with the Secretary of the Interior's Standards for Rehabilitation.

- **The Federal Historic Preservation Tax Incentive Program** (https://www.nps.gov/tps/tax-incentives.htm) is administered by MHT and provides funds for income-producing certified historic structures (those listed in the National Register of Historic Places, or a contributing element within the boundaries of a historic district listed in the National Register), to receive a federal tax credit amounting to 20 percent of the cost of a rehabilitation that meets the Secretary of the Interior's Standards for Rehabilitation.

The Maryland Heritage Areas Authority (MHA) (http://mht.maryland.gov/grants.shtml) provides support for historic preservation, cultural and environmental projects in order to stimulate economic development through tourism. Most Maryland Certified Heritage Areas have mini-grant programs. A list of certified heritage areas and their contacts can be found on the MHT website at: http://mht.maryland.gov/heritageareas.shtml.

The Governor's Commission on Maryland Military Monuments (http://mht.maryland.gov/monuments.shtml) administered by the Maryland Historical Trust, obtains the services of professional conservators and historic preservation professionals to determine and carry out appropriate treatments to care for monuments.

The Maryland State Arts Council (MSAC), www.m sac.org, offers several funding programs that can benefit folk life projects and art and performance related projects at history museums and other heritage organizations. These include...

- **Maryland Traditions** (https://www.m sac.org/grants/maryland-traditions-project-grant), with funding from the National Endowment for the Arts, seeks to develop statewide infrastructure for folk arts and folk life. Maryland Traditions partners with organizations to develop folk arts and folklife programs and projects. It offers a Folk Arts and Culture Apprenticeship grant to support master-apprentice teams that practice folk and traditional arts and traditional occupational skills. It also offers Project Grants that support projects that help to preserve and sustain Maryland Traditions;

- **The Grants for Organizations** (https://www.m sac.org/grants-organizations) is a program which awards funding to non-profit organizations that produce or present arts in Maryland for the public in any of the following disciplines: children’s events, dance, folk arts/heritage, literature, media, multidiscipline, music, theater, and visual arts. Organizations that do not present or produce the arts but serve artists and organizations may apply for service grants.

The Maryland State Highway Administration (SHA) (www.marylandroads.com) offers several funding programs that can benefit historic preservation projects. These include...

- **The Transportation Enhancement Program** (http://www.sha.state.md.us/Index.aspx?PageId=144) is administered by the Maryland State Highway Administration and provides funds for transportation-related community ammenities. Eligible categories include: acquisition of scenic easements and scenic or historic sites; scenic or historic highway programs (including the provision of tourist and welcome center facilities); historic preservation; rehabilitation and operation of historic transportation buildings, structures or facilities (including historic railroad facilities and canals); archeological planning and research; and the establishment of transportation museums;

- **The Maryland Scenic Byways Program** (http://www.sha.state.md.us/index.aspx?PageId=97) funds the development of community-based corridor management plans (CMP), which make scenic byways eligible for additional grants as well as National Scenic Byway designation.

- **The National Recreational Trails Program** (http://www.fhwa.dot.gov/tp/loans.shtml) provides loans to non-profits, local jurisdictions, business entities, and individuals to assist in the protection of historic property. Loan funds can be used to acquire, rehabilitate, or restore historic property. They may also...
The Getty Foundation (www.getty.edu/grants) provides support to institutions and individuals, funding a diverse range of projects that promote the understanding and conservation of the visual arts. The National Trust for Historic Preservation (http://www.preservationnation.org/resources/find-funding/grants/) has several grant funds that have assisted innovative preservation projects that protect a community’s continuity, diversity, and beauty.

- The Henry A. Jordan, M.D. Preservation Excellence Fund which provides funding to organizations demonstrating commitment to the protection of natural and cultural resources in the Mid-Atlantic region;
- The Johanna Favrot Fund for Historic Preservation for projects that contribute to the preservation or the recapture of an authentic sense of place;
- The Cynthia Woods Mitchell Fund for Historic Interiors which assists in the preservation, restoration, and interpretation of historic interiors;
- The Battlefield Preservation Fund assists with legal and research fees to mitigate development threats, fund-raising and media plans, feasibility studies for endangered buildings and sites, archeological studies, landscape research and planning, viewshed protection, and easement planning;
- The Emergency/Intervention Fund is awarded in emergency situations when immediate and unanticipated work is needed to save a historic structure, such as when a fire or other natural disaster strikes.
- The National Fund for Sacred Spaces (http://www.fund-sacredspaces.org/) provides training, planning grants, and capital grants for congregations of all faiths.
- The National Trust Community Investment Corporation (NTCIC) (http://ntcic.webfactional.com/) enables tax credit equity investments that support sustainable communities nationwide. NTCIC places qualified tax credits for federal and state historic (HTC), new markets (NMTC), solar (ITC) and low-income housing (LIHTC). NTCIC is a for-profit, wholly-owned subsidiary of the National Trust for Historic Preservation. Since its inception in 2000, NTCIC has raised over $1 billion in capital for HTC, NMTC, ITC, and LIHTC investments for 134 transactions with over $4 billion in total development costs.

STATEWIDE NON-PROFIT ORGANIZATIONS

Maryland Humanities (http://www.mdhumanities.org/) offers a grant program that supports public humanities programs that engage Maryland’s residents in exploring the rich and varied aspects of the human experience. Public humanities programs can take many forms, including lectures, seminars, interpretive exhibitions, films, local histories, living histories, public archaeology, or any other format that effectively engages residents in the humanities.

Preservation Maryland (www.PreservationMaryland.org) founded in 1931, is dedicated to preserving Maryland’s rich and diverse heritage of buildings, landscapes, and archeological sites. Funding from Preservation Maryland grants and loans assists individuals and communities with efforts to protect and utilize their historic resources. Funding programs include the Heritage Fund which provides grants up to $5,000 for the stabilization of endangered historic properties; feasibility studies, architectural plans, structural assessments and historic structure reports; “bricks and mortar” repairs and restoration; and, educational and planning efforts related to resource preservation.

LOCAL RESOURCES

The City of Frederick’s Historic Preservation Department (http://www.cityoffrederick.com/225/Historic-Preservation) offers preservation expert reviews of plans, rehabilitation resources and grant assistance for potential rehabilitation projects. The City of Frederick (http://www.cityoffrederick.com/167/Incentives) offers several incentives and programs including the:

- **Vacant Commercial Property Tax Credit.** The Vacant Commercial Tax Credit encourages properties to be rehabilitated and placed back into active use. All commercial properties that have been vacant and marketed for at least 18 of the last 24 months prior to the start of rehabilitation are eligible for the tax credit. This rehabilitative tax credit can be claimed for 7 years. For complete details, contact the Department of Economic Development at 301-600-6360.

- **Downtown Frederick Historic Rehabilitation Tax Credit.** Properties located within the Historic District may be eligible for tax credits on both City and County real property taxes. Visit the Historic Preservation Department for additional information: http://www.cityoffrederick.com/226/Applications-Fees-Tax-Credits.

- **High Performance Building Tax Credit.** In order to encourage the construction of energy efficient and sustainable building, the City of Frederick provides a High Performance Building Tax Credit for LEED certified (or equivalent) buildings. For additional information and to apply for the credit, contact the City Planning Department at 301-600-1499.

- **Arts & Entertainment District Tax Credit.** Downtown Frederick is a Maryland Arts & Entertainment District. The A&E District offers several incentives, including an A&E Property Tax Credit, an Artist Income Tax Credit, and the abatement of the A&E tax for qualified arts and entertainment establishments. Visit Downtown Frederick Partnership’s website for details: http://www.downtownfrederick.org/a_e_district.

The Community Foundation of Frederick County (http://cf-frederick.org/receive/grants/) pools donations into a coordinated investment and grant making facility dedicated primarily to the social improvement, but also includes grants for historic preservation.

The Frederick County Arts Council receives support from the Maryland State Arts Council through the Community Arts Development program. Visit the Council’s website for more information: http://frederickartsncouncil.org/.

MISCELLANEOUS RESOURCES

Many foundations, both local and nationwide, offer support for heritage preservation projects. The Foundation Center (www.foundationcenter.org) offers advice on funding from private foundations. In addition to information on foundations across the U.S., the center offers training programs for grant-writers and developers and publishes a directory available at public libraries. The Enoch Pratt Free Library in Baltimore (www.pratt.lib.md.us) is a “cooperating collection” with The Foundation Center and maintains a core collection of Foundation Center materials and occasionally offers free fundraising and grant writing workshops. The Foundation Center also has a branch at 1627 K Street, NW, Washington, DC 20006-1708, that has a substantial library.

The Kodak American Greenways Awards Program (www.conservationfund.org/?article=2106) a partnership between Eastman Kodak, The Conservation Fund, and the National Geographic Society, provides small grants to stimulate the planning and design of greenways in communities throughout America.

Members of Maryland Association of Nonprofit Organizations (MANO) (www.marylandnonprofits.org) have access to the organization’s libraries and databases of funding sources in the Baltimore and Silver Spring offices.

The American Institute for Conservation of Historic and Artistic Works (http://www.conservation-us.org/grants#.WK8JUVkrldV) provides several grants and scholarships that promote development, outreach and conservation projects.
Live Downtown Frederick Case Study Project