

Live Downtown Frederick Case Study Project



Prepared for the Downtown Frederick Partnership by
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Downtown Frederick Partnership

Founded in 1990 as a 501(c)3 nonprofit organization, Downtown Frederick Partnership works to enhance, promote and preserve the vitality and livability of Downtown Frederick, a national Main Street community. Working with business and community leaders, the Partnership oversees the work of four active committees including: the Business Development Committee which works to support existing businesses and recruit new businesses where necessary, the Design Committee which focuses on the downtown streetscape, policy advocacy and long-term planning, the Organization Committee which raises funds as well as recruits and thanks volunteers and the Promotion Committee which promotes, programs and brands Downtown Frederick.

Acknowledgements:

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 Mroszczyk 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 that, this 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

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 uncertainly.

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 term of the processes themselves.

This informations then was 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 process 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 builder/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, devel-

opers, 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 and subjective 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.

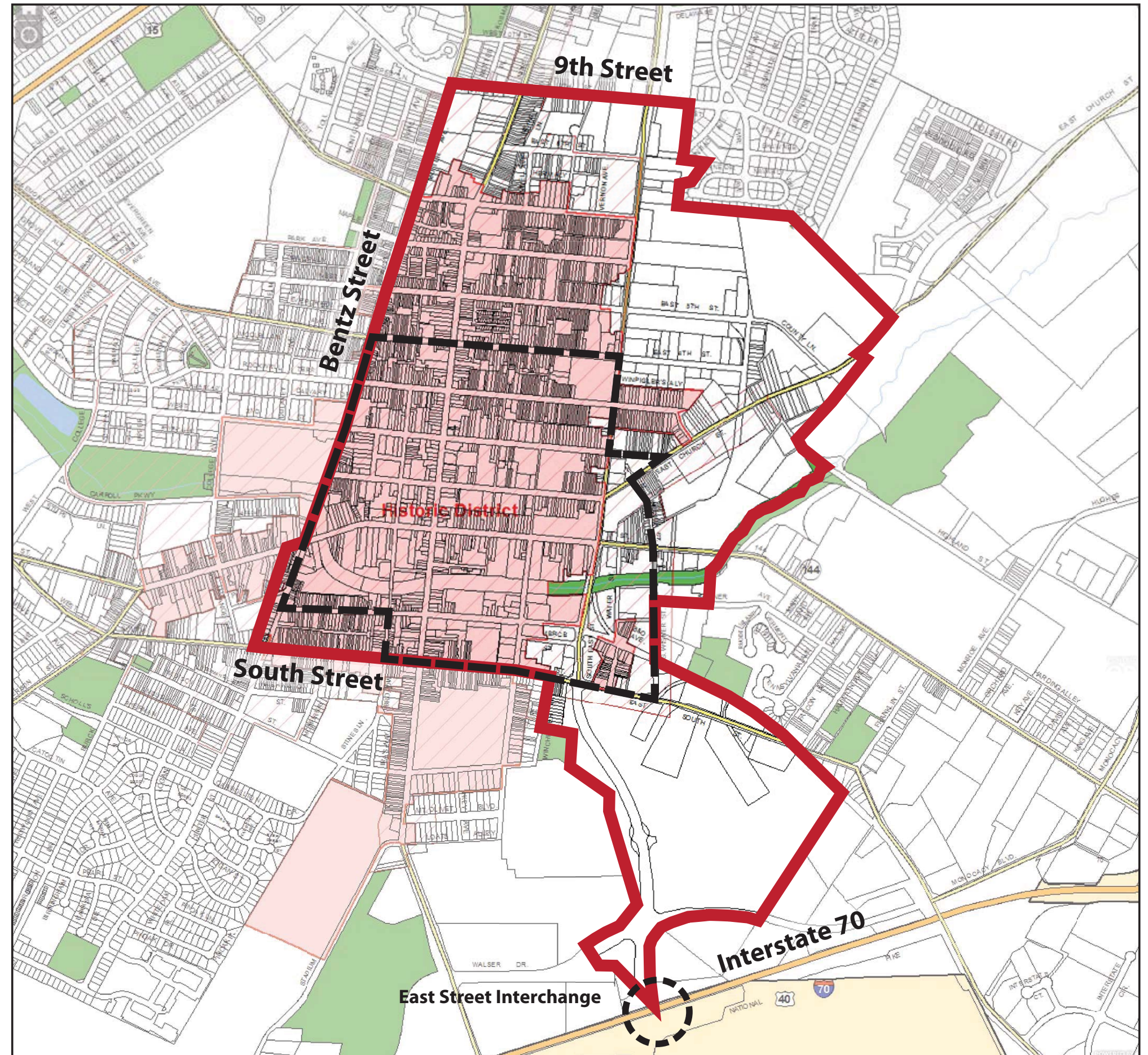
Defining the Study Area




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:

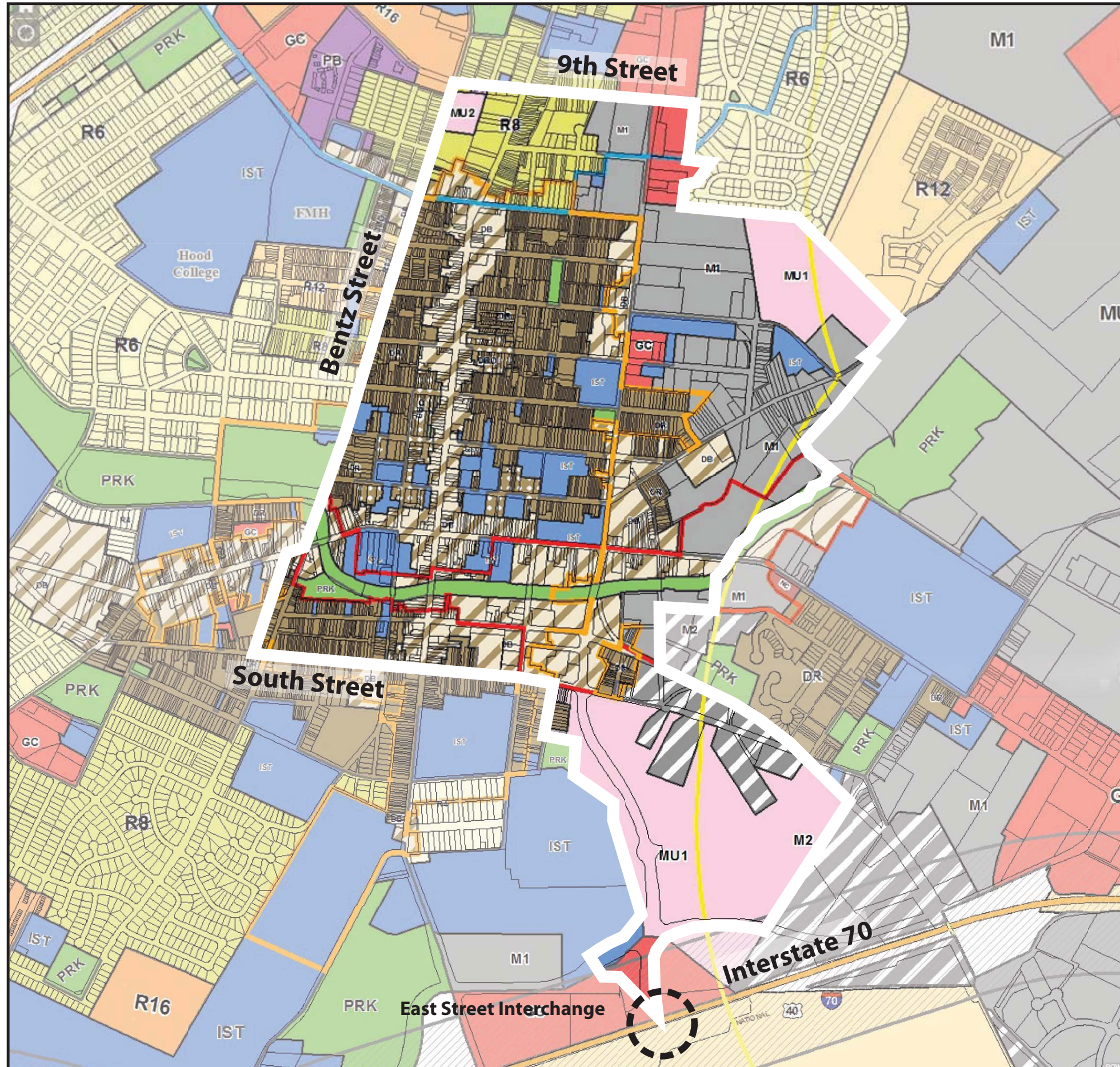
- 9th Street to the north;
- the East Street Small Area Planning Area to the east;
- South Street and East Street extended, including the Brickworks property to the south; and
- Bentz Street to the west.

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.



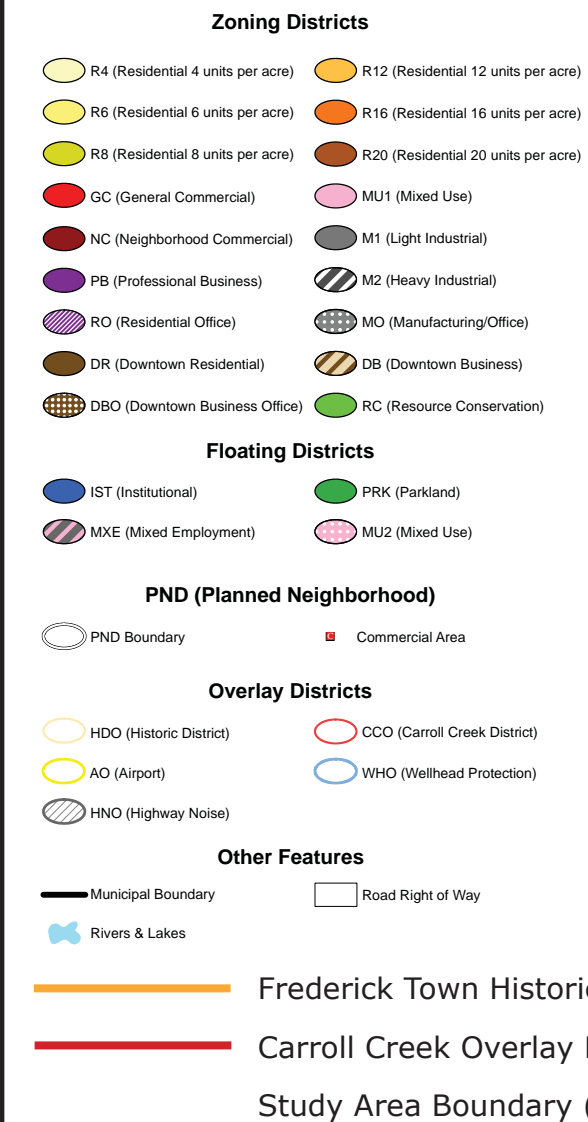
- Frederick Town Historic District Overlay (HDO) 
- Downtown Parking District 
- Study Area Boundary 



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.

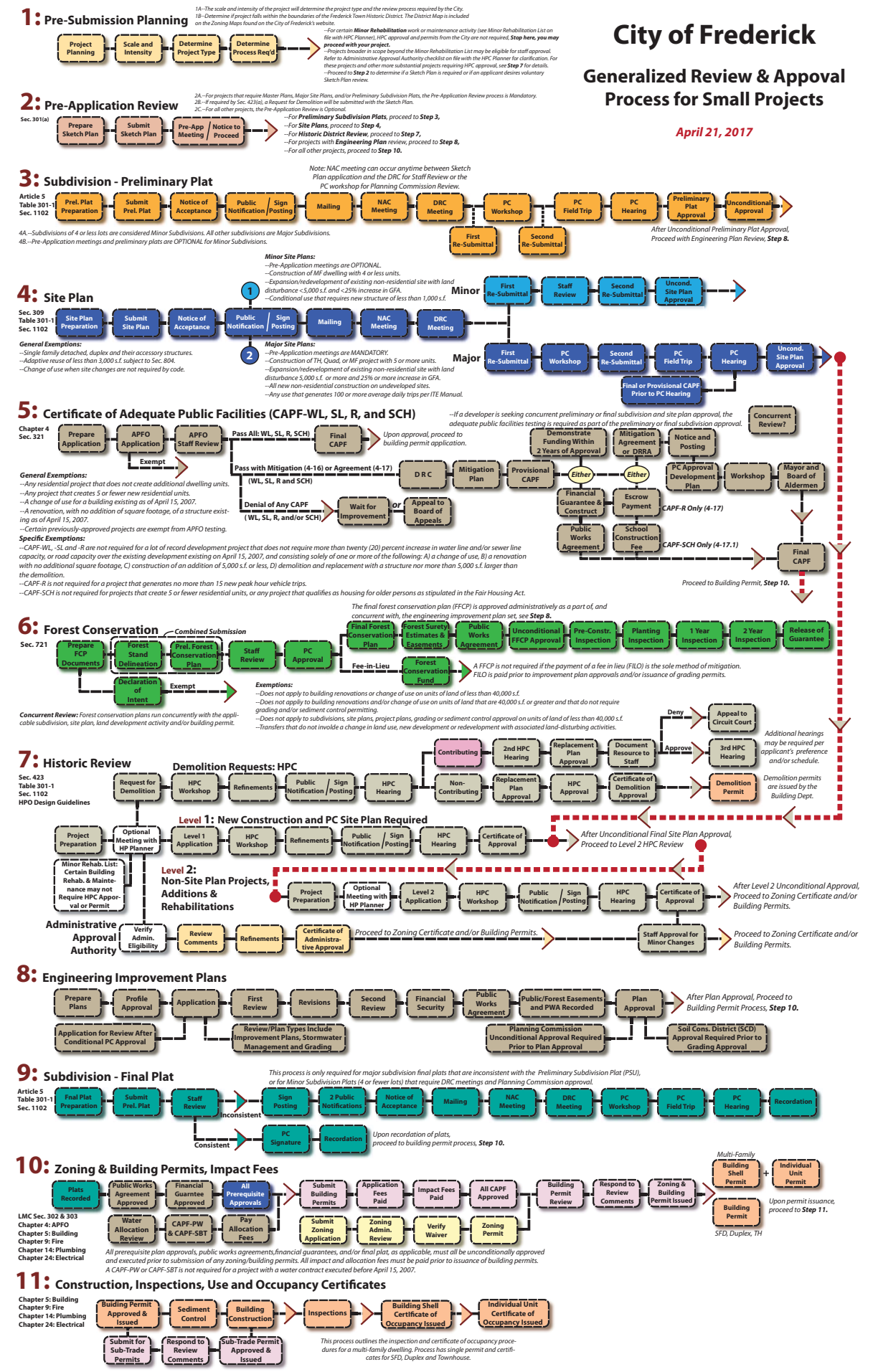
It should be noted that the illustrated process is not all inclusive and does not fully explain the complexity of the review and approval process. For example, the illustration of the review and approval process does not include elements of the process that typically may not occur in downtown such as 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 not included. The reader is directed to the code for more information. Where possible, code references have been included on the process graphic.

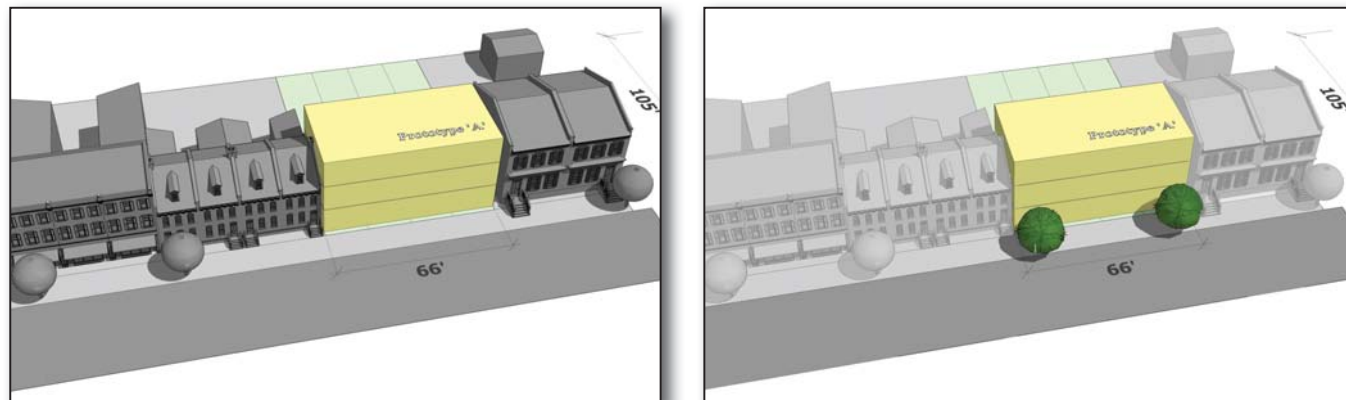


Prototype Development

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.



Eutaw Street, Baltimore MD



Record Street, Frederick MD

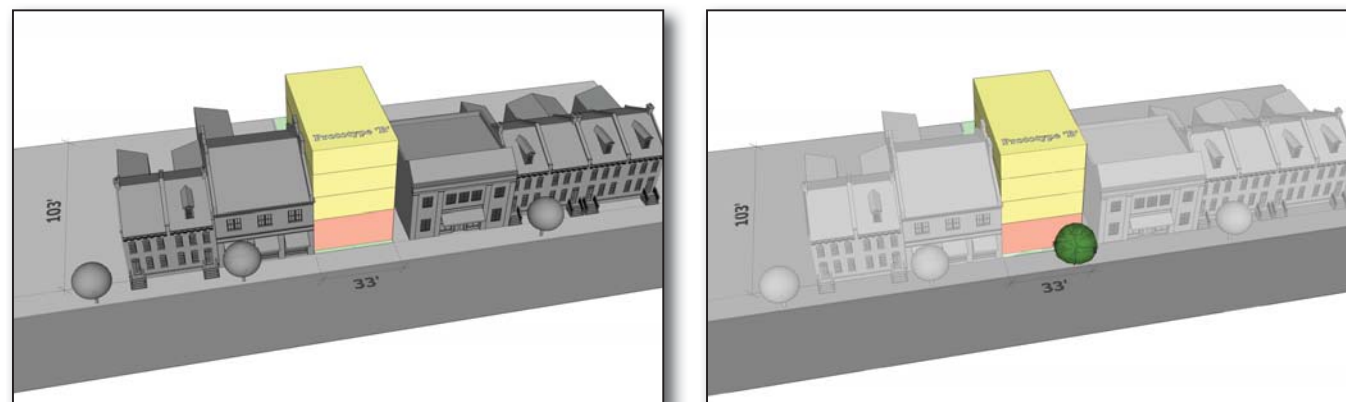


Franklin Street, Annapolis MD



N. Fairfax Street, Alexandria VA

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



Pennsylvania Avenue, Washington DC



Washington Str., Easton MD



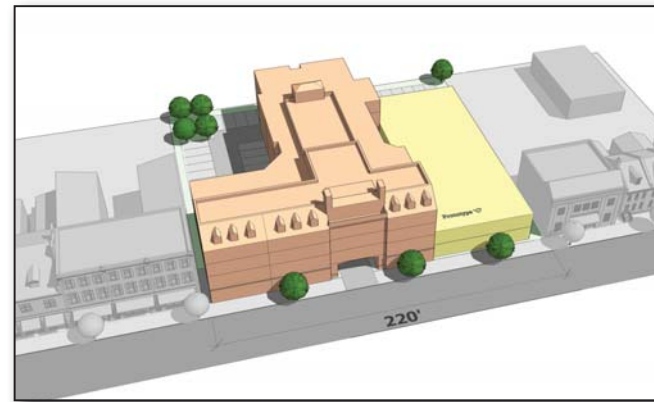
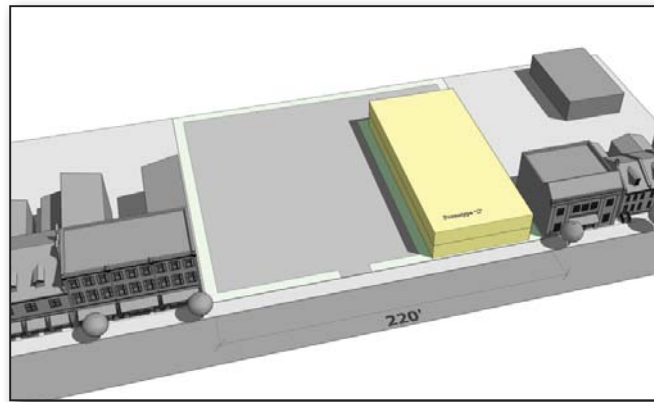
Market Street, Frederick MD



Lincoln Highway, Gettysburg PA

Source: Google Earth

Prototype: **B** Adaptive Reuse of an Existing Building



Capitol Hill, Washington DC



Capitol Hill, Washington DC

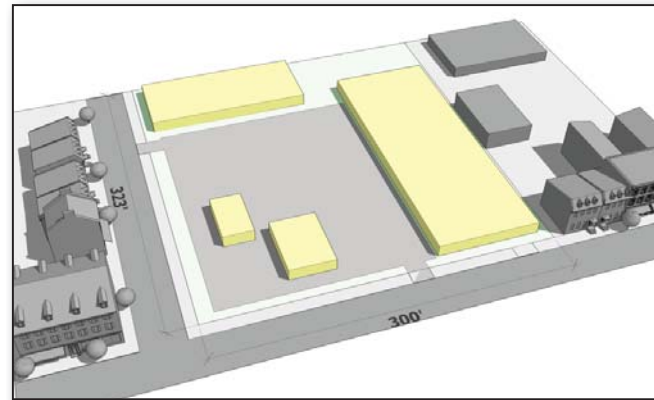


Wythe Street, Alexandria VA



North Payne Street, Alexandria VA

Prototype: C Infill / Redevelopment - Small Site & Existing Building



14th Street, Washington DC

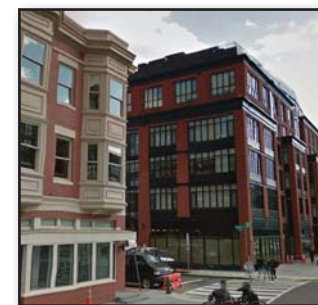
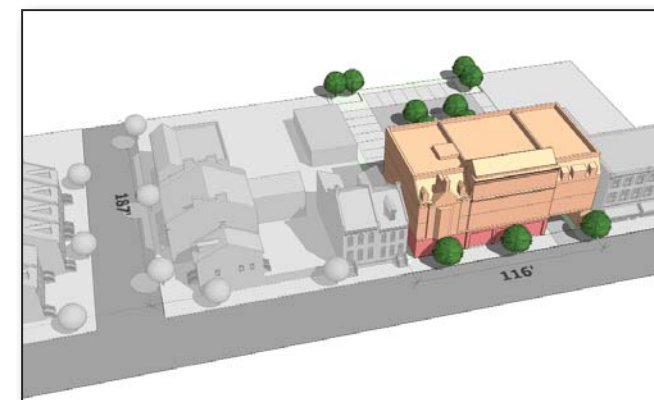
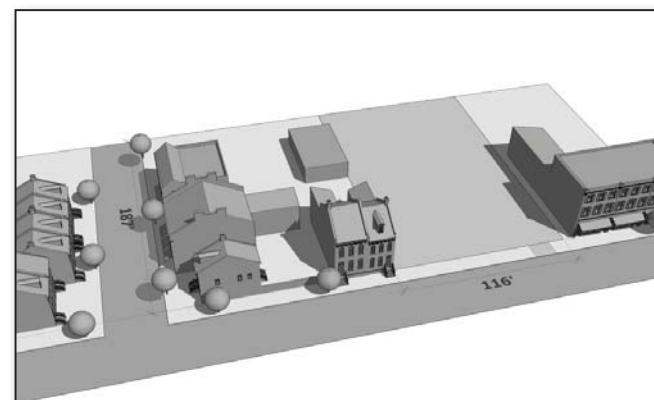


Pennsylvania Avenue, Washington DC



South West Street, Alexandria VA

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



14th Street, Washington DC



Baltimore Avenue, Hyattsville MD



Spectrum Avenue, Gaithersburg MD

Source: Google Earth

Prototype: E New Infill Development - No Existing Buildings

GOVERNMENTAL FEE STRUCTURE			
	UNIT COST	UNIT	FEE
1 PRE-SUBMISSION PLANNING			
A. There are no governmental fees for this step.			
2 PRE-APPLICATION REVIEW			
A. Sketch Plan	\$0.00	1 per Appl.	\$0
B. Sketch Plan - Health Dept.	\$75.00	1 per Appl.	\$75
3 CERTIFICATE OF ADEQUATE PUBLIC FACILITIES			
A. APFO Written Determination	\$300.00	1 per Appl.	\$300
B. Evaluation per CAPF Approval or Exemption	\$50.00	4 per CAPF	\$200
C. DRBA Review	\$1,000.00	0 per Appl.	\$0
D. Documents related to development: review fee	\$400.00	0 per document	\$0
4 SITE PLAN			
A. Final Site Plan - Residential plus \$10 per DU	\$2,000.00	1 per Appl.	\$2,000
B. Final Site Plan - Non Residential plus \$10 per DU	\$2,000.00	1 per Appl.	\$2,000
C. Final Site Plan - Staff Review	\$1,000.00	1 per Appl.	\$1,000
D. Preliminary Site Plan	\$1,350.00	1 per Appl.	\$1,350
E. Traffic Study Review: Minor Study or TIS	\$750.00	0 per Appl.	\$0
F. Modification Requests	\$1,500.00	4 per Modif.	\$6,000
G. Extension Requests	\$150.00	0 per Request	\$0
H. Planning Commission Modification for Off-Site Parking	\$200.00	0 per Request	\$0
I. Planning Commission Modification for Reduced Parking Sp.	\$200.00	0 per Request	\$0
J. Planning Commission Fence Modification	\$50.00	1 per Request	\$50
5 HISTORIC REVIEW			
A. Signs	\$20.00	1 per Appl.	\$20
B. Fences: New or complete replacement	\$20.00	1 per Appl.	\$20
C. New Construction			
1 Level 1 or combined level 1/2			
a. Single family, duplex, and outbldg. 2 or less units	\$50.00	0 per Appl.	\$0
b. All others including non-residential buildings	\$100.00	0 per Appl.	\$0
Comm. & MF w/ less than \$5000 improvement	\$1,000.00	1 per Appl.	\$1,000
Comm. & MF w/ greater than \$5000 improvement	\$1,000.00	1 per Appl.	\$1,000
2 Level 2 or combined level 1/2			
a. Single family, duplex, and outbldg. 2 or less units	\$50.00	0 per Appl.	\$0
b. All others including non-residential buildings	\$100.00	0 per Appl.	\$0
Comm. & MF w/ less than \$5000 improvement	\$1,000.00	1 per Appl.	\$1,000
Comm. & MF w/ greater than \$5000 improvement	\$1,000.00	1 per Appl.	\$1,000
D. Rehabilitations and Additions			
1 Residential/duplex (< \$5000 improvement)	\$5.00	0 per Appl.	\$0
2 Residential/duplex (\$5000-\$5000 improvement)	\$20.00	0 per Appl.	\$0
3 Residential/duplex (> \$5000 improvement)	\$50.00	0 per Appl.	\$0
4 Comm. & MF (<\$5000 improvement)	\$10.00	0 per Appl.	\$0
5 Comm. & MF (\$5000-\$5000 improvement)	\$50.00	0 per Appl.	\$0
6 Comm. & MF (>\$5000 improvement)	\$250.00	0 per Appl.	\$0
E. Demolition			
1 Complete demolition of principle structure	\$500.00	1 per Appl.	\$500
2 Partial demo of PS and/or full or partial of second str.	\$200.00	0 per Appl.	\$0
3 Accessory Structure, less than 150 SF	\$50.00	0 per Appl.	\$0
F. Amendments - Residential & Duplex	\$25.00	1 per Appl.	\$25
Amendments - Commercial & Multi-Family	\$125.00	1 per Appl.	\$125
8 ENGINEERING FEES			
A. Improvement Plan Review	\$300.00	32 per sheet	\$9,600
B. Improvement Plan Review 3rd or more review	\$200.00	0 per sheet	\$0
C. Revisions to Previously Approved Plans	\$150.00	0 per sheet	\$0
D. Re-signature of Expired Plans	\$50.00	0 per sheet	\$0
E. SWM Water Application	\$100.00	1 per request	\$100
F. SWM Waiver of Quantity	\$20,000.00	0.5 /new imp ac	\$10,000
G. SWM Waiver of Quality	\$10,000.00	0.5 /new imp ac	\$5,000
H. SWM Administrative Waiver of ESD to MEP	\$150.00	1 per review	\$150
I. FP Study Review	\$300.00	0 per review	\$0
J. Easement Review	\$400.00	1 per eas.	\$400
K. ROW Encroachment Request	\$20.00	1 per request	\$20
L. Temporary Street Closure Permits	\$75.00	1 per permit	\$75
M. Water and Sewer Studies Review	\$200.00	1 per study	\$200
N. Sewer Tap Fee - 6" and 8"	\$500.00	1 per tap	\$500
O. Sewer Reinspection Fee - Main Line	\$500.00	0 per inspect.	\$500
P. Public Water Line Reinspection Fee	\$75.00	1 per inspect.	\$75
Q. SWM Utility Fee	\$55.00	25.58 per 1000 SF	\$3,840
R. SWM Utility Fee Credit Application Review	\$150.00	0 per appl.	\$150
S. Water and Sewer Service Contract Amendment Processing plus \$20 per residential unit	\$200.00	1 per unit	\$200
T. Water Service Contract Extension Processing	\$300.00	0 per appeal	\$0
U. Improvement Plan Review - Health Dept.	\$75.00	1 per Appl.	\$75
AA. Engineering Dept. Project Cost Estimate			
I. Sediment and Erosion Control			
II. Stormwater Management			
III. Street Construction - Paving, Street Lighting, Landscaping			
IV. Sewer, Water, Stormdrain			
V. Miscellaneous Items			
VI. Construction Stakeout	5%		
VII. Mobilization	10%		
VIII. BOND ESTIMATE			
IX. Contingency	15%		
X. TOTAL COST ESTIMATE			
BB. 1 Water Connection Fee - 3/4"	\$9,412.43	0 per connect.	\$0
2 Water Connection Fee - 1"	\$9,412.43	0 per connect.	\$0
3 Water Connection Fee - 1 1/2"	\$9,721.43	0 per connect.	\$0
4 Water Connection Fee - 2"	\$10,068.30	2 per connect.	\$20,137
5 Water Connection Fee - 4" Tap Only	\$1,800.00	2 per connect.	\$3,600
6 Water Connection Fee - 4" Service Line	\$15,485.80	0 per connect.	\$0
7 Water Connection Fee - 6" Tap Only	\$2,200.00	0 per connect.	\$0
8 Water Connection Fee - 6" Service Line	\$16,033.60	0 per line	\$0
9 Water Connection Fee - 6" Hydrant - Tap Only	\$2,200.00	1 per connect.	\$2,200
10 Water Connection Fee - 8" Tap Only	\$2,800.00	0 per connect.	\$0
11 Water Connection Fee - 8" Service Line	\$22,783.20	0 per line	\$0
12 Water Connection Fee - 10" Tap Only	\$3,400.00	0 per connect.	\$0
13 Water Connection Fee - 12" Fire Flow Meter	\$25,980.70	0 per line	\$0
CC. 1 Water Connection Fee - 6"	\$8,231.30	1 per connect.	\$8,231
2 Sewer Connection Fee - Tap Only - 6" or 8"	\$500.00	1 per tap	\$500
1 Water Meter Fee: 3/4" Meter/Kornhorn	\$324.36	0 per meter	\$0
2 Water Meter Fee: Anti-theft/Detector Check	\$324.36	0 per meter	\$0
3 Water Meter Fee: 1" Meter / Kornhorn	\$496.08	0 per meter	\$0
4 Water Meter Fee: 1 1/2" Meter with Flange	\$496.08	0 per meter	\$0
5 Water Meter Fee: 2" Compound Meter	\$1,852.88	0 per meter	\$1,853
6 Water Meter Fee: 3" Compound Meter	\$2,170.88	0 per meter	\$0
7 Water Meter Fee: 4" Compound Meter	\$3,314.62	1 per meter	\$3,315
8 Water Meter Fee: 4" Fire Flow Meter	\$5,257.60	0 per meter	\$5,258
9 Water Meter Fee: 6" Fire Flow Meter	\$7,898.06	0 per meter	\$0
10 Water Meter Fee: 8" Fire Flow Meter	\$10,220.52	0 per meter	\$0
11 Water Meter Fee: 10" Fire Flow Meter	\$13,524.48	0 per meter	\$0
12 Water Meter Fee: 10" x 12" Fire Flow Meter	\$14,420.24	0 per meter	\$0
13 Water Meter Fee: 12" Fire Flow Meter			

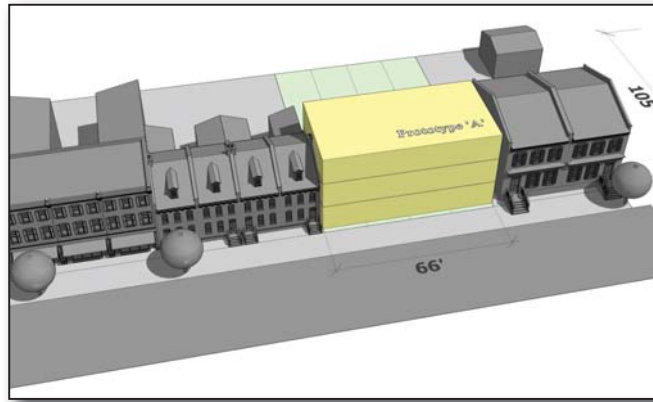
Figure 1: Representative example of table of City of Frederick fees utilized in each scenario, with fees grouped in general development phases corresponding to the major steps in the development review process chart.

9. SUBDIVISION - FINAL PLAT OR COMBINED PRELIMINARY/FINAL PLAT			
A. Final Subdivision Plat plus \$10 per lot	\$800.00	1 per plat	\$800
B. Plat Restoration	\$100.00	2 per lot	\$200
C. Street Abandonment Plat	\$1,000.00	1 per plat	\$1,000
D. Subdivision Variance / Modification	\$2,000.00	2 per Var/mod	\$4,000
E. Consolidation Plat plus \$10 per lot	\$700.00	1 per plat	\$700
F. plus Health Dept Review	\$100.00	2 per lot	\$200
G. Zoning Board of Appeals Conditional Use	\$75.00	2 per plat	\$150
F1 ZBA Variance - Residential plus \$25 per variance requested	\$650.00	0 per Appl.	\$0
G2 ZBA Variance - Non-Residential plus \$50 per variance requested	\$300.00	0 per Appl.	\$0
H. Appeal - Zoning Administrator	\$25.00	0 per request	\$0
I. Appeal - Board and Commission	\$600.00	0 per request	\$0
L. Combined Preliminary/Final Plat - Health Dept. plus \$25 per lot	\$150.00	1 per plat	\$150
M. Appeal Board Fee	\$25.00	2 per lot	\$50
10 ZONING CERTIFICATES, IMPACT FEES AND BUILDING PERMITS			
A. Zoning Certificate	\$32.00	24 per permit	\$768
B. Health Dept. Review	\$50.00	24 per permit	\$1,200
IMPACT FEES			
A. Impact Fee - Library - SFD	\$768.00	0 per DU	\$0
B. Impact Fee - Library - TH / Dup	\$695.00	0 per DU	\$0
C. Impact Fee - Library - All Other Residential	\$385.00	24 per DU	\$9,240
D. Impact Fee - Schools - SFD	\$14,112.50	0 per DU	\$0
E. Impact Fee - Schools - TH / Dup	\$14,207.00	0 per DU	\$0
F. Impact Fee - Schools - All Other Residential	\$5,942.00	24 per DU	\$142,608
G. School Construction Tax	\$1,500.00	0 per DU	\$0
H. Water Impact Fee - SF	\$5,981.00	0 per gal	\$0
I. Water Impact Fee - TH	\$5,981.00	0 per gal	\$0
J. Water Impact Fee - MF	\$5,981.00	24 per gal	\$100,464
K. Sewer Impact Fee - SF	\$5,250.00	0 per gal	\$0
L. Sewer Impact Fee - TH	\$5,250.00	0 per gal	\$0
M. Sewer Impact Fee - MF	\$5,250.00	24 per gal	\$58,200
F-1 Park Facilities Development Impact Fee- NO HOA Pool	\$688.00	24 per DU	\$20,832
F-2 Park Facilities Development Impact Fee - HOA Pool	\$568.00	0 per DU	\$0
G. MPDU Housing Fund	\$17,500.00	0 per MPDU	\$0
H. Parkland Dedication Fee in Lieu	\$1,000.00	24 per DU	\$24,000
L. Parking Fee in Lieu	\$6,500.00	0 per space	\$0
J. Mitigation Fees			
1 Water Line Mitigation			\$50,000
2 Sewer Line Mitigation			\$0
3 Roadway Mitigation			\$0
4 Roadway Escrow Fund			\$50,000
K. Forest Conservation Fee in Lieu			\$0
L. Water and Sewer Allocation Fee- Residential - Processing	\$100.00	24 per bidg perm	\$2,400
M. Water and Sewer Allocation Fee- Non-Residential - Processing	\$250.00	0 per bidg perm	\$0
N. Allocation Amount Calc. other than Flow Factor Matrix	\$750.00	0 per bidg perm	\$0
BUILDING PERMIT FEES - RESIDENTIAL			
A. New SFD, Duplex, and TH (each dwelling) - <2500 SF	\$500.00	0 per DU	\$0
New SFD, Duplex, and TH (each dwelling) - 2500-4000 SF	\$800.00	0 per DU	\$0
New SFD, Duplex, and TH (each dwelling) - 4000-6000 SF	\$950.00	0 per DU	\$0
New SFD, Duplex, and TH (each dwelling) - >6000 SF	\$1,200.00	0 per DU	\$0
B. New MF SFD / Condo Unit (each unit)	\$0.19	2580 per GSF	\$4,860
C. New MF SFD / Condo Unit (each unit)	\$400.00	24 per DU	\$9,600
D. Interior Renovation	\$0.11	0 per SF	\$0
E. Addition	\$0.20	0 per SF	\$0
F. Shed / Garage	\$64.00	0 per permit	\$0
G. Garage / Carport	\$128.00	1 per bidg	\$128
H. Deck / Porch	\$128.00	0 per Appl.	\$0
I. Fence	\$64.00	0 per Appl.	\$0
J. Combo Permit (Deck/Fence/She)	\$128.00	8 per Appl.	\$1,024
K. Paving	\$64.00	1 per Appl.	\$64
L. Miscellaneous	\$64.00	1 per Appl.	\$64
M. Emergency Repair	\$128.00	0 per Appl.	\$0
N. Pool	\$128.00	1 per Appl.	\$128
O. Swimming Pool Permit - Health Dept.	\$300.00	1 per Appl.	\$300
P. Residenc to Permit	\$64.00	0 per Appl.	\$0
Q. Demolition - Dwelling or Accessory Structure	\$64.00	1 per Appl.	\$64
R. Demolition - Interior / Exterior Renovation	\$64.00	1 per Appl.	\$64
S. Siding, Curb and Gutter Permit	\$50.00	1 per Appl.	\$50
T. Permit Extensions	\$50.00	0 per Ext.	\$0
U. Permit Transfer	\$40.00	0 per Trans.	\$0
V. Building Appeals Board Fee	\$200.00	0 per Appeal	\$0
W. Stop Work Order Removal Fee	\$150.00	0 per sit.	\$0
FIRE CODE PERMIT FEES - RESIDENTIAL			
A. Assembly - Educ., Health Care, Detention, Residential	\$0.16	2580 per SF	\$4,093
B. Shell Building	\$0.00	2580 per SF	\$2,046
FIRE CODE PLAN REVIEW AND INSPECTION FEE			
A. Sprinkler and Combined Sprinkler/Standpipe System	\$0.08	2580 per SF	\$2,064
B. Sprinkler Shell Building with no Occupancy	\$0.04	0 per Permit	\$0
C. Basement Finish Out for Sprinkler Permits	\$100.00	0 per Permit	\$400
D. Standpipe System	\$400.00	1 per Permit	\$400
E. Fire Alarm	\$0.04	2580 per SF	\$1,032
F. Fire Alarm - Shell Building	\$0.02	2580 per SF	\$516
G. Fire Pumps	\$800.00	1 per Pump	\$800
H. Kitchen Hood Suppression System	\$400.00	0 per Appl.	\$0
I. Gasco's and Chemical Ex. System	\$8.00	0 per point	\$0
J. Foam Systems	\$1.00	Each	\$1.00
K. Smoke Control System	\$300.00	24 Each	\$7,200
L. Outside Storage of Combustible Gas	\$100.00	0 Each	\$0
M. Appeals Board Fee	\$200.00	0 per Appeal	\$0
N. Technical Assistance	\$75.00	2 Ea. Request	\$150
O. Reinspection Fees	\$40.00	0 Each Occur.	\$0
P. Permit Transfer	\$40.00	1 per Trans.	\$40
ELECTRICAL PERMIT FEES - RESIDENTIAL			
A. New SFD, Duplex, and TH (each dwelling) - <2500 SF	\$300.00	0 per DU	\$0
New SFD, Duplex, and TH (each dwelling) - 2500-4000 SF	\$350.00	0 per DU	\$0
New SFD, Duplex, and TH (each dwelling) - 4000-6000 SF	\$400.00	0 per DU	\$0
New SFD, Duplex, and TH (each dwelling) - >6000 SF	\$500.00	0 per DU	\$0
B. New Apartment / Condo	\$300.00	24 per DU	\$7,200
C. Minor Alterations and Additions	\$122.00	0 per Appl.	\$0
D. Residential Service Panel	\$61.00	1 per Appl.	\$61
E. Pools, Hot Tubs, Spas	\$183.00	1 per Appl.	\$183
F. Solar Panels	\$122.00	1 per Appl.	\$122
G. Minor Electrical Permit	\$61.00	1 per Permit	\$61
H. Appeals Board Fee	\$200.00	0 per Appeal	\$0
I. Reinspection Fees	\$40.00	1 per Trans.	\$40
J. Permit Transfer	\$40.00	1 per Trans.	\$40
ELECTRICAL PERMIT FEES - COMMERCIAL (Note: Not all permits / fees listed)			
A. Electric Signs	\$61.00	1 first sign	\$61
B. Light Poles and Street Lamps	\$61.00	1 first 5 poles	\$61
PLUMBING PERMIT FEES - RESIDENTIAL & COMMERCIAL (Note: Not all permits / fees listed)			
A. New SFD, Duplex, and TH (each dwelling) - <2500 SF	\$400.00	0 per DU	\$0
New SFD, Duplex, and TH (each dwelling) - 2500-4000 SF	\$450.00	0 per DU	\$0
New SFD, Duplex, and TH (each dwelling) - 4000-6000 SF	\$500.00	0 per DU	\$0
New SFD, Duplex, and TH (each dwelling) - >6000 SF	\$600.00	0 per DU	\$0
B. New Apartment / Condo (Each Unit - Plumbing and Gas Combined)	\$300.00	24 per DU	\$7,200
C. Addition, Alterations and Accessory Plumbing	\$195.00	0 per Appl.	\$0
D. Other: Bldg. water, sewer or storm service	\$50.00	1 per Appl.	\$50
E. Other: Road Drain Down Spout Tie In	\$10.00	30 per Tie	\$100
F. Appeals Board Fee	\$200.00	0 per Request	\$0
G. Permit Transfer	\$40.00	1 per Trans.	\$40
GAS PERMIT FEES - RESIDENTIAL & COMMERCIAL (Note: For new construction gas permits are included in plumbing permits)			
A. NEW CONSTRUCTION: SEE PLUMBING PERMIT			
B. REINSPECTION FEES AND APPEALS: SAME AS BASE PERMIT			
UTILITY PERMIT FEES			
A. Water Main, first 100 LF	\$75.00	1 per 100 LF	\$75
B. Water Main, each additional 100 LF or increment	\$50.00	2 per 100 LF	\$100
C. Sewer Main, first 100 LF	\$75.00	1 per 100 LF	\$75
D. Sewer Main, each additional 100 LF or increment	\$50.00	2 per 100 LF	\$100
E. Storm Water Main, first 100 LF	\$75.00	1 per 100 LF	\$75
F. Storm Water Main, each additional 100 LF or increment	\$50.00	2 per 100 LF	\$100
G. Rain Leader or Downspout Tie into Storm Drain	\$10.00	30 per Tie	\$100
H. Irrigation System	\$75.00	1 Each	\$75
I. Backflow Preventer by Lic. Plumber	\$30.00	1 Each	\$30
J. Sub-meter Hook up	\$30.00	1 Each	\$30
K. Appeals Board Fee, Reinspection, Transfers			
11 CONSTRUCTION, INSPECTION, OCCUPANCY			
A. Reinspection Fee - 1st Reinspection	\$75.00	0 per insp.	\$0
Reinspection Fee - 2nd Reinspection	\$200.00	0 per insp	

Prototype A Remodel/Rehabilitation of an Existing Residential Building

5 Existing Apartments
0 New Apartments
5 Total Apartments

Existing Condition:



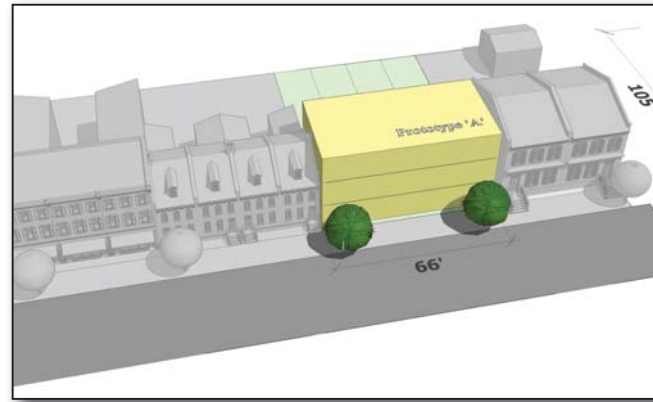
Prototype A features an existing three-story building that is approximately 6,900 SF on a 6,900 SF lot of record. The property is located within the Historic District and is considered a contributing resource. The existing zoning is DB, Downtown Business, which allows up to 75 dwellings per acre (du/ac),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

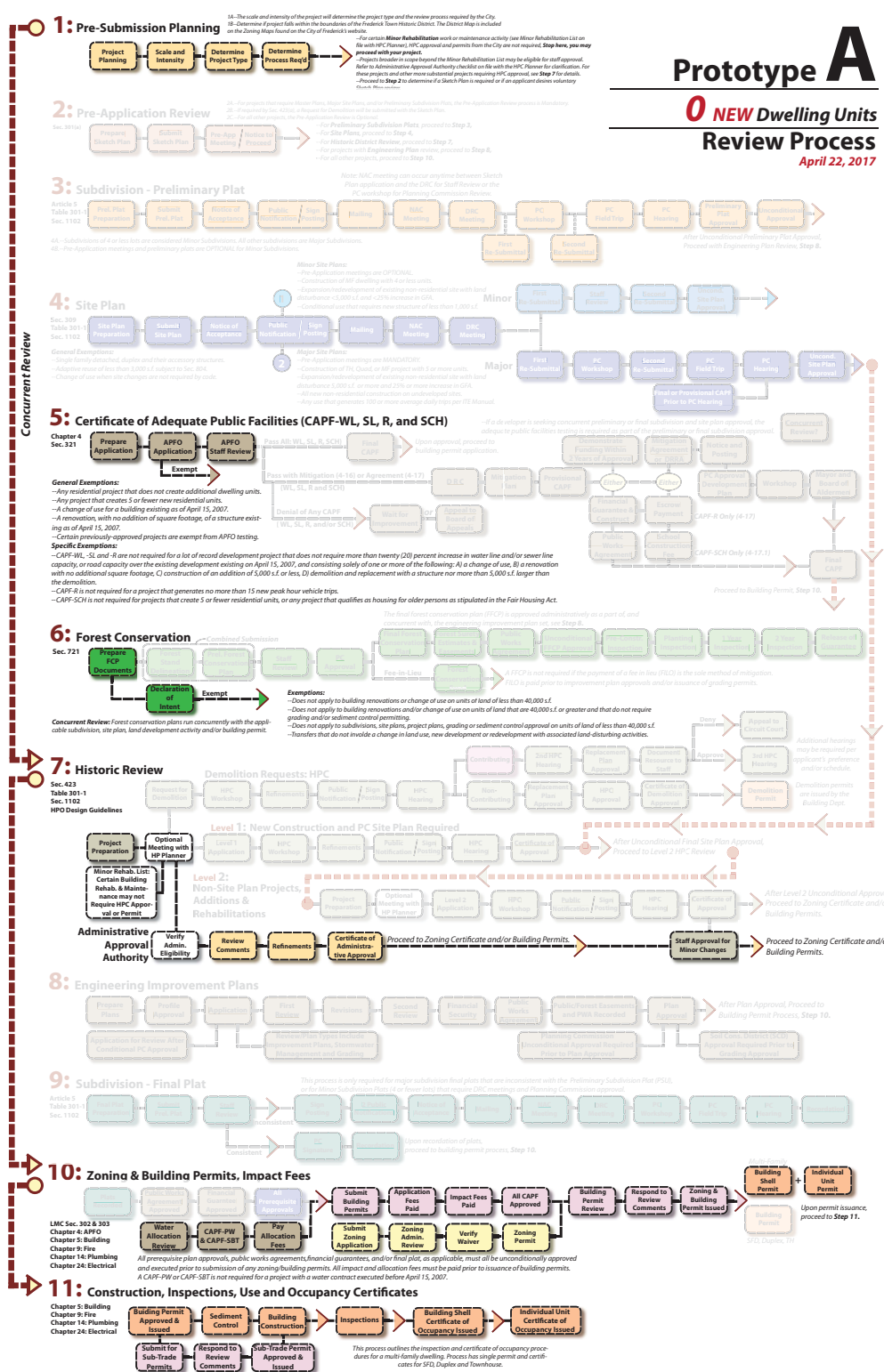
This is an existing residential building with no change of use and the project will not be adding any new residential units. There is no parking on the property and no new parking is proposed. There are no utility upgrades anticipated.

Each of the existing apartments is a two-bedroom unit with an average of 1,150 leasable 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 (APFO), 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:



A: Simple Interior Renovation

5 Existing MF DUs / No New DUs

Estimated Fees & Costs:

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

ESTIMATED SCHEDULE

ESTIMATED SCHEDULE	Months
Pre-Development Phase:	3
Construction Phase:	6
Lease-Up Phase:	3

PERFORMANCE METRICS

Net New Dwellings Achieved:	0
Density Achieved (DU/Ac):	31.6
Govt Fee Per Dwelling Unit:	\$1,578
Affordability Index:	\$63,000
Market Rent - Multifamily:	\$1,750
Projected Annual Revenue:	\$84,000
Return on Investment:	8.6%
Estimated CAP Rate:	8.50%
Market Valuation:	\$988,235
Market Valuation per DU:	\$197,647
Project Cost per DU:	\$196,107

A-1: Maximum Yield

11 Total MF DUs

Estimated Fees & Costs:

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

ESTIMATED SCHEDULE	Months
Pre-Development Phase:	10
Construction Phase:	10
Lease-Up Phase:	3

PERFORMANCE METRICS

Net New Dwellings Achieved:	6
Density Achieved (DU/Ac):	69.4
Govt Fee Per Dwelling Unit:	\$17,864
Affordability Index:	\$54,000
Market Rent - Multifamily:	\$1,500
Projected Annual Revenue:	\$158,400
Return on Investment:	6.7%
Estimated CAP Rate:	8.50%
Market Valuation:	\$1,863,529
Market Valuation per DU:	\$169,412
Project Cost per DU:	\$215,899

A-2: 2 New Units

7 Total MF DUs

Estimated Fees & Costs:

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

ESTIMATED SCHEDULE	Months
Pre-Development Phase:	6
Construction Phase:	6
Lease-Up Phase:	3

PERFORMANCE METRICS

Net New Dwellings Achieved:	2
Density Achieved (DU/Ac):	44.2
Govt Fee Per Dwelling Unit:	\$5,856
Affordability Index:	\$59,400
Market Rent - Multifamily:	\$1,650
Projected Annual Revenue:	\$110,880
Return on Investment:	8.5%
Estimated CAP Rate:	8.50%
Market Valuation:	\$1,304,471
Market Valuation per DU:	\$186,353
Project Cost per DU:	\$185,823

ALTERNATIVE SYNOPSIS:

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.

Legend	Poor Red	Marginal Orange	Fair Yellow	Good Green
Return	<6.0%	6.0% to 7.5%	7.5% to 9.0%	>9.0%
Valuation vs. Cost	Negative	0 to 7.5%	7.5% to 15%	>15%

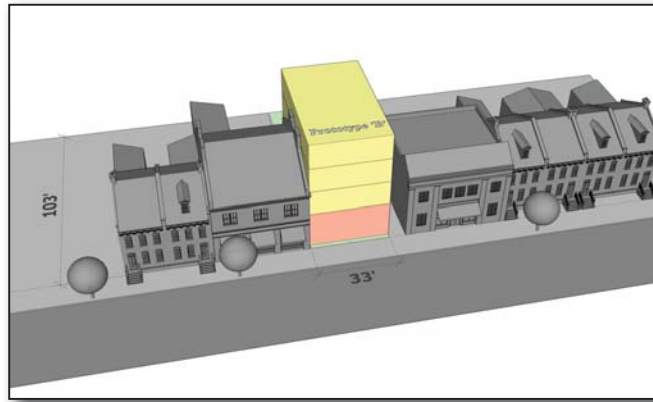
KEY FINDINGS:

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. If the City were to require such improvements, this alternative project would incur disproportionate costs that it most likely could not support.
7. 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 project viability.
8. Small incremental density bonuses, such as one, two or three additional residential units at this scale make a demonstrable financial benefit to the project.
9. If the fee structure, construction costs and review processes do not increase disproportionately, an addition of bonus units can increase housing in downtown. The addition of these units most likely will be a combination of strategic design to avoid substantial cost increases, reasonable building code implementation, and a modified fee structure that doesn't penalize modest additions of housing.
10. Fees assessed on a 'per unit' basis discourage the investment in housing at this scale.
11. The incremental cost to provide additional housing is disproportionate at this scale.
12. Many fees start at the first new unit of development, discouraging new housing.
13. Smaller projects, such as this prototype, are a cost effective, immediate, 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.

Prototype B Adaptive Reuse of an Existing Building

0 Existing Apartments
5 New Apartments
5 Total Apartments

Existing Condition:

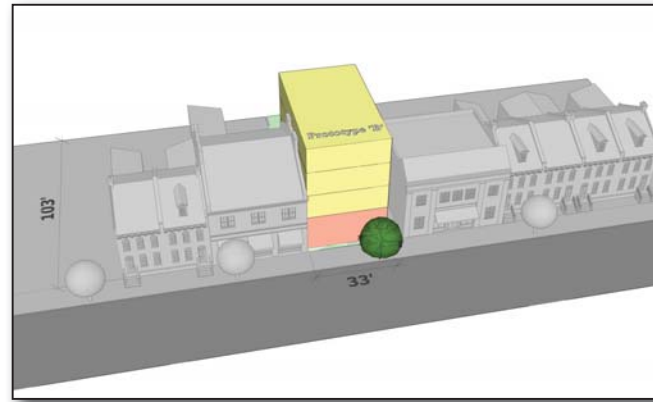


Prototype B features an existing four-story commercial building that is approximately 8,500 SF on a 3,400 SF lot of record. The property is located within the Historic District and is considered a contributing resource. The existing zoning is DB, Downtown Business, which allows up to 75 dwellings per 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 renovate 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.

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

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.

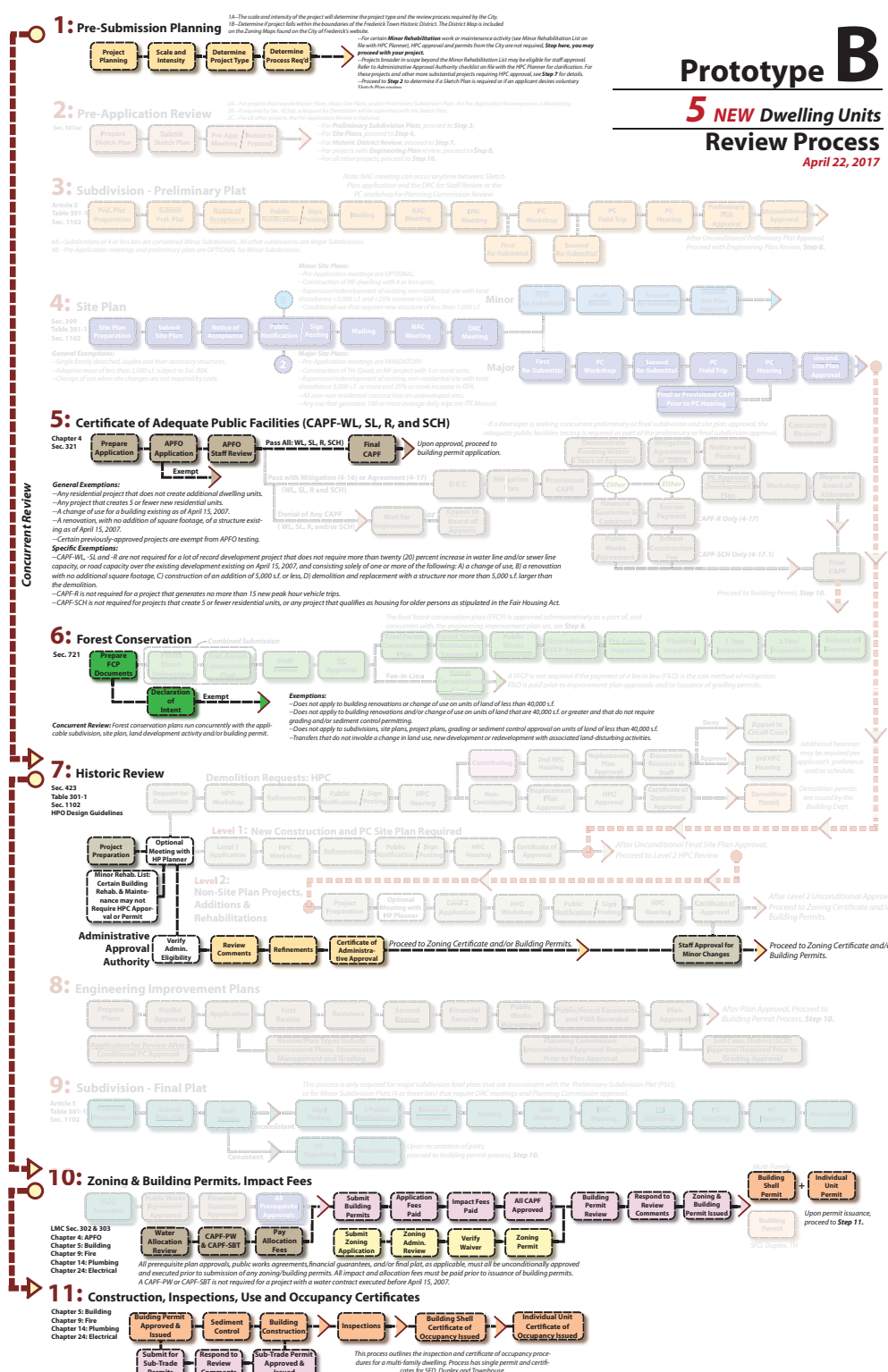
Zoning allows up to five (5) residential dwellings on the lot. The base project proposes the addition of five new apartments in order to achieve full density. Each of the proposed apartments is a two-bedroom unit with an average unit size of approximately 1,175 leasable square feet. The renovation includes 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.

Legend	Poor Red	Marginal Orange	Fair Yellow	Good Green
Return	<6.0%	6.0% to 7.5%	7.5% to 9.0%	>9.0%
Valuation vs. Cost	Negative	0 to 7.5%	7.5% to 15%	>15%

Process:



Prototype B
5 NEW Dwelling Units
Review Process
April 22, 2017

B: Int./Ext. Renovation

Base Project: 5 Total MF DUs

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	\$2,529,182

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

PERFORMANCE METRICS	
Net New Dwellings Achieved:	5
Density Achieved (DU/Ac):	64.1
Govt Fee Per Dwelling Unit:	\$20,641
Affordability Index:	\$63,000
Market Rent - Multifamily:	\$1,750
Projected Annual Revenue:	\$147,750
Return on Investment:	6.1%
Estimated CAP Rate:	7.50%
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 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	\$2,529,182

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

PERFORMANCE METRICS	
Net New Dwellings Achieved:	6
Density Achieved (DU/Ac):	76.9
Govt Fee Per Dwelling Unit:	\$17,201
Affordability Index:	\$63,000
Market Rent - Multifamily:	\$1,750
Projected Annual Revenue:	\$164,550
Return on Investment:	6.7%
Estimated CAP Rate:	7.50%
Market Valuation:	\$2,194,000
Market Valuation per DU:	\$365,667
Project Cost per DU:	\$406,677

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 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	\$2,529,182

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

PERFORMANCE METRICS	
Net New Dwellings Achieved:	7
Density Achieved (DU/Ac):	89.7
Govt Fee Per Dwelling Unit:	\$14,744
Affordability Index:	\$63,000
Market Rent - Multifamily:	\$1,750
Projected Annual Revenue:	\$181,350
Return on Investment:	7.4%
Estimated CAP Rate:	7.50%
Market Valuation:	\$2,418,000
Market Valuation per DU:	\$345,429
Project Cost per DU:	\$348,580

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 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	\$2,529,182

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

PERFORMANCE METRICS	
Net New Dwellings Achieved:	8
Density Achieved (DU/Ac):	102.5
Govt Fee Per Dwelling Unit:	\$12,901
Affordability Index:	\$63,000
Market Rent - Multifamily:	\$1,750
Projected Annual Revenue:	\$198,150
Return on Investment:	8.1%
Estimated CAP Rate:	7.50%
Market Valuation:	\$2,642,000
Market Valuation per DU:	\$330,250
Project Cost per DU:	\$305,008

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 as compared to cost of renovation 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.

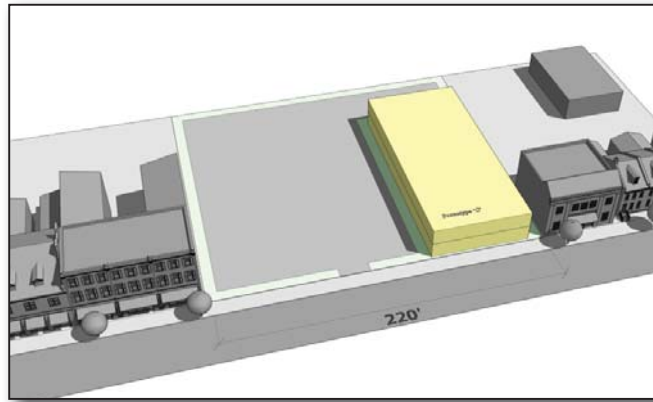
KEY FINDINGS:

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 discourage 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

0 Existing Apartments
63 New Apartments
63 Total Apartments

Existing Condition:



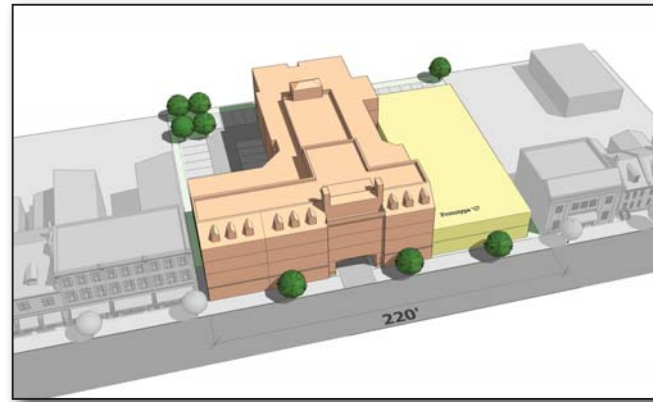
Prototype C features an existing two-story commercial building that is approximately 20,000 SF on a 22,000 SF lot of record with an adjacent 22,000 SF lot of record that is vacant and used for parking. The property is located within the Historic District and the existing building is considered a contributing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

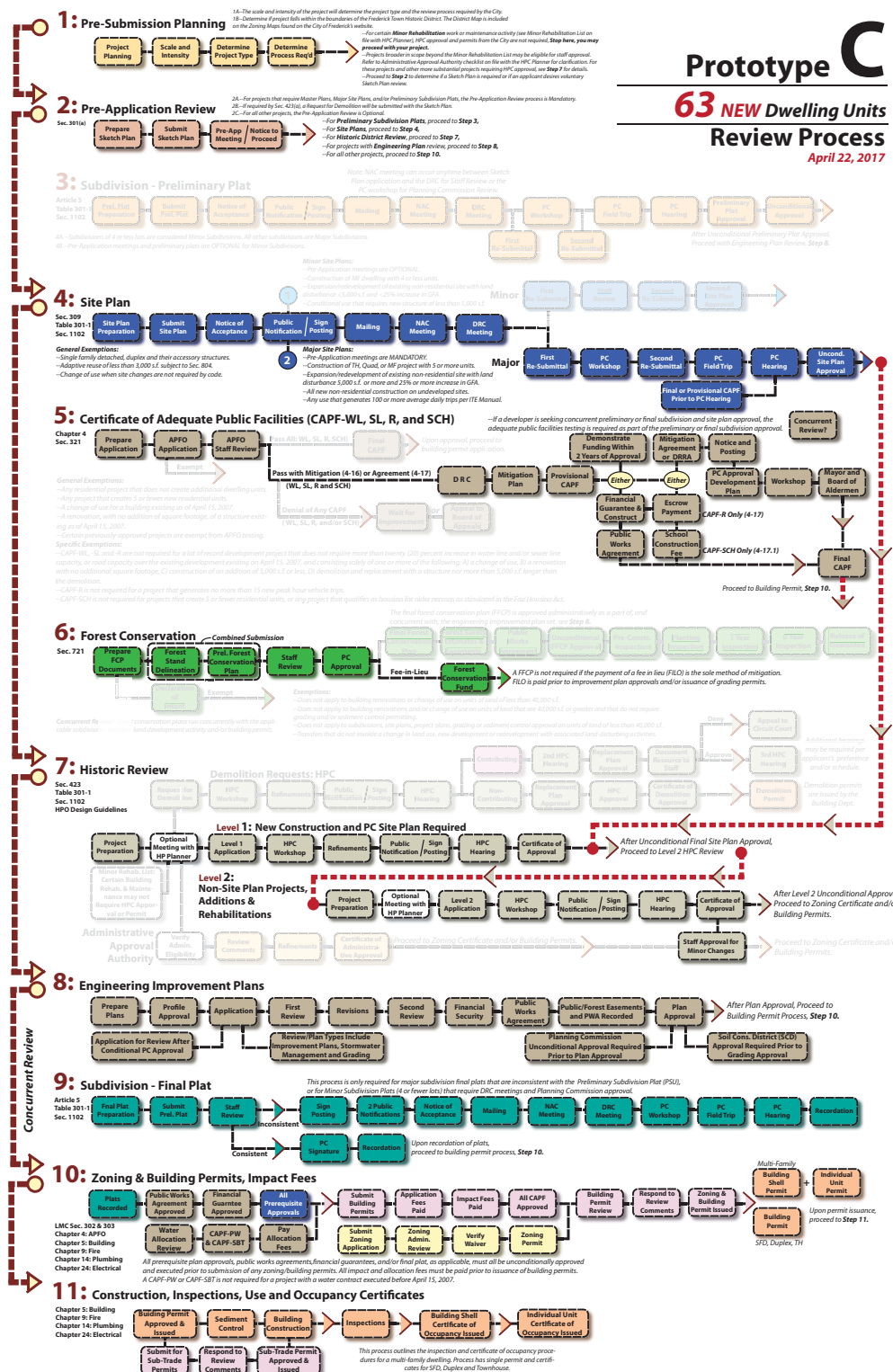
In order to meet a market minimum of 1 parking space per residential unit, some of the existing surface parking is maintained and the building utilizes a partial podium in order to build over some of the existing parking. Access to the parking is maintained on the frontage street with an access drive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

The new apartments are proposed as two-bedroom units with an average size of 1,022 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:



Prototype C
63 NEW Dwelling Units
Review Process
April 22, 2017

C: Infill and Renovation

63 Total MF DUs

Estimated Fees & Costs:	
Land Acquisition/Basis:	\$1,100,000
Design:	\$632,170
Governmental Fees:	
Development Approval:	\$13,757
Engineering/Subdivision:	\$76,959
Impact Fee Totals:	\$1,423,423
Library Impact Fee:	\$24,255
School Impact Fee:	\$374,346
School Constr. Fee:	\$247,149
W/S Impact Fee:	\$468,333
MPDU Housing Fund:	\$140,000
Parkland Facilities Fee:	\$54,684
Parkland Fee-in-Lieu:	\$63,000
Parking Fee-in-Lieu:	\$0
Forest Fee-in-Lieu:	\$2,640
Fire Code Rev. Fees:	\$49,016
Zoning/Building (Other)	\$192,499
Off-Site Improvements:	\$250,000
Demolition:	\$15,000
Construction	
Residential:	\$11,432,500
Commercial:	\$0
Parking:	\$375,000
Site/Landscape:	\$775,000
Other:	\$657,589
Soft Costs:	\$1,250,356
Financing	\$2,236,935
Total Project	\$20,431,187

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
Govt Fee Per Dwelling Unit:	\$27,089
Affordability Index:	\$68,886
Market Rent - Multifamily:	\$1,913
Projected Annual Revenue:	\$1,157,280
Return on Investment:	5.3%
Estimated CAP Rate:	6.75%
Market Valuation:	\$17,144,889
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:	\$13,817
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
Zoning/Building (Other)	\$199,591
Off-Site Improvements:	\$250,000
Demolition:	\$15,000
Construction	
Residential:	\$11,504,500
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

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

PERFORMANCE METRICS	
Net New Dwellings Achieved:	69
Density Achieved (DU/Ac):	68.3
Govt Fee Per Dwelling Unit:	\$26,856
Affordability Index:	\$68,217
Market Rent - Multifamily:	\$1,895
Projected Annual Revenue:	\$1,255,200
Return on Investment:	5.7%
Estimated CAP Rate:	6.75%
Market Valuation:	\$18,595,556
Market Valuation 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
Zoning/Building (Other)	\$206,683
Off-Site Improvements:	\$0
Demolition:	\$15,000
Construction	
Residential:	\$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	Months
Pre-Development Phase:	15
Construction Phase:	15
Lease-Up Phase:	12

PERFORMANCE METRICS	
Net New Dwellings Achieved:	75
Density Achieved (DU/Ac):	74.3
Govt Fee Per Dwelling Unit:	\$19,063
Affordability Index:	\$68,232
Market Rent - Multifamily:	\$1,895
Projected Annual Revenue:	\$1,364,640
Return on Investment:	6.4%
Estimated CAP Rate:	6.75%
Market Valuation:	\$20,216,889
Market Valuation per DU:	\$269,559
Project Cost per DU:	\$286,315

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:	\$77,379
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:	\$15,000
Construction	
Residential:	\$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	Months
Pre-Development Phase:	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 Valuation:	\$22,542,222
Market Valuation 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 +11% (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).

Legend	Poor Red	Marginal Orange	Fair Yellow	Good Green
Return	<6.0%	6.0% to 7.5%	7.5% to 9.0%	>9.0%
Valuation vs. Cost	Negative	0 to 7.5%	7.5% to 15%	>15%

KEY FINDINGS:

- 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 one 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.
- Fee reductions or elimination move the needle but are not the entire solution.
- Inefficiencies in utilizing existing historic structures plus the cost of renovation disproportionately increase costs and decrease project revenue.
- 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.
- 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.
- 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.
- 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.
- Additional density helps feasibility but may require additional height and/or more significant changes to historic resources.
- 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).



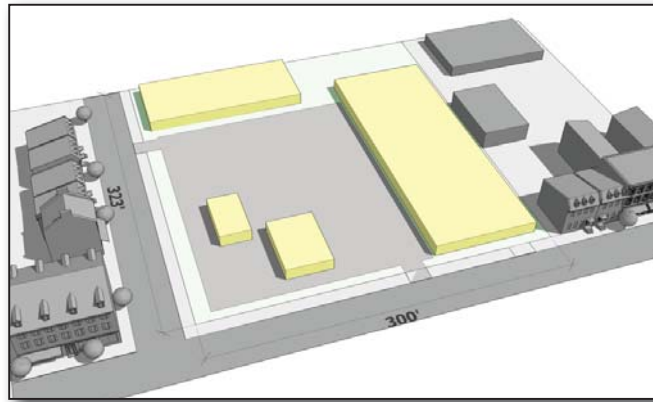
Prototype: **D** Infill / Redevelopment - Large Site & Existing Buildings

0 Existing Dwellings
6 New Townhouses
84 New Apartments
90 Total Dwellings

D: Partial Demolition

Base Project: 90 Total DUs

Existing Condition:



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/ac).

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

Proposed Project:



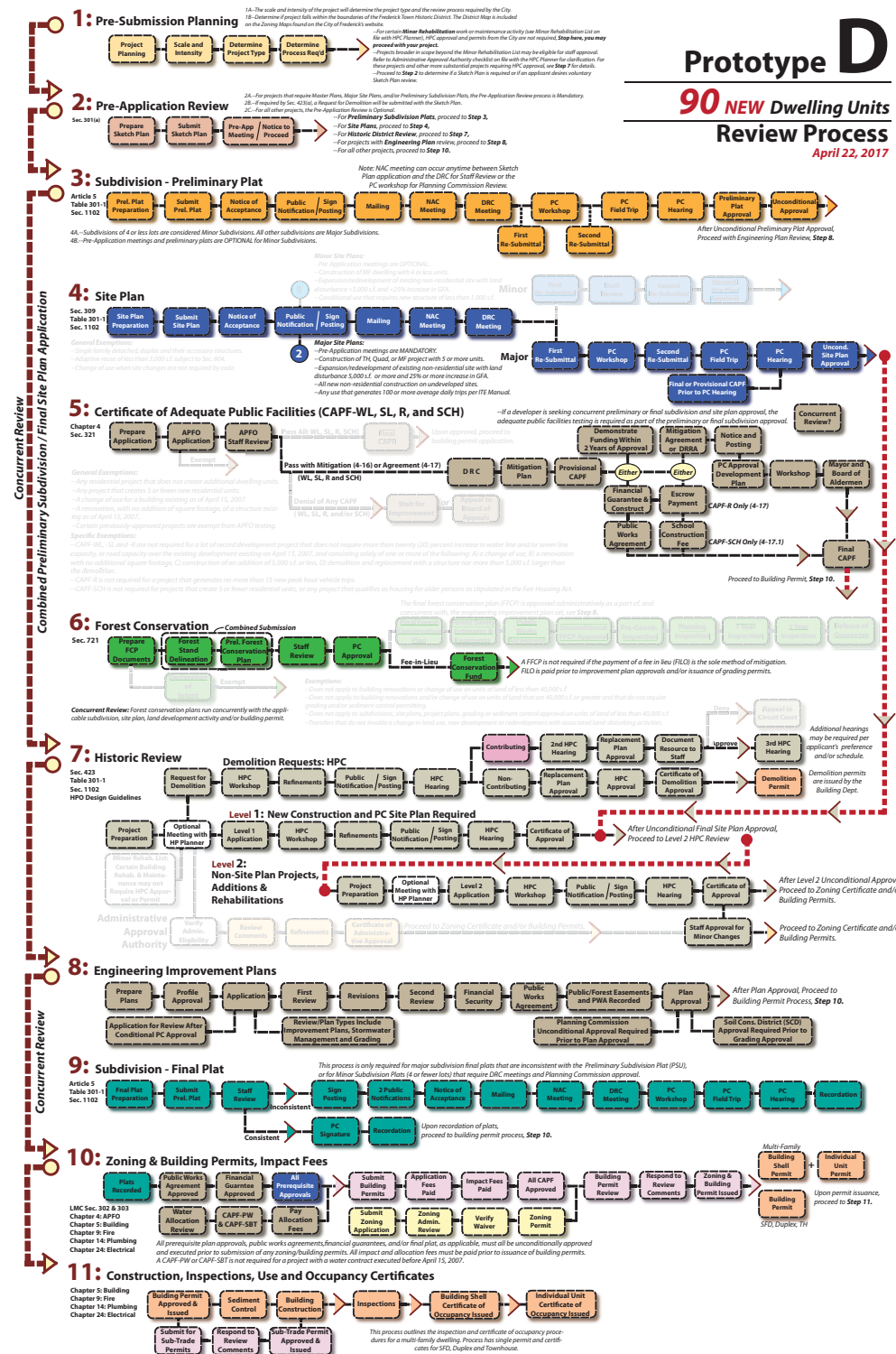
The project proposes a partial demolition and renovation of the existing buildings in order to add a total of 90 new dwelling units. The unit breakdown is 6 townhouses, 24 apartments within the renovated historic structures, and 60 apartments in a new residential building. On-site amenities include a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

Process:



Estimated Fees & Costs:	
Land Acquisition/Basis:	\$1,000,000
Design:	\$796,030
Governmental Fees:	
Development Approval:	\$19,967
Engineering/Subdivision:	\$88,934
Impact Fee Totals:	
Library Impact Fee:	\$36,510
School Impact Fee:	\$584,370
School Constr. Fee:	\$385,980
W/S Impact Fee:	\$672,512
MPDU Housing Fund:	\$210,000
Parkland Facilities Fee:	\$51,120
Parkland Fee-in-Lieu:	\$90,000
Parking Fee-in-Lieu:	\$0
Forest Fee-in-Lieu:	\$5,820
Fire Code Rev. Fees:	\$53,012
Zoning/Building (Other)	\$351,809
Off-Site Improvements:	\$250,000
Demolition:	\$189,000
Construction	
Residential:	\$13,933,500
Commercial:	\$0
Parking:	\$630,000
Site/Landscape:	\$825,000
Other:	\$2,231,848
Soft Costs:	\$1,541,925
Financing	\$2,603,578
Total Project	\$26,550,915

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

PERFORMANCE METRICS	
Net New Dwellings Achieved:	90
Density Achieved (DU/Ac):	40.4
Govt Fee Per Dwelling Unit:	\$28,334
Affordability Index:	\$61,200
Market Rent - Multifamily:	\$1,700
Market Rent - Townhouse:	\$2,450
Projected Annual Revenue:	\$1,854,720
Return on Investment:	7.0%
Estimated CAP Rate:	6.75%
Market Valuation:	\$27,477,333
Market Valuation per DU:	\$305,304
Project Cost per DU:	\$295,010

D-1: Limited Development

ALT. 1: 37 Total DUs

Estimated Fees & Costs:

Land Acquisition/Basis:	\$1,000,000
Design:	\$530,350
Governmental Fees:	
Development Approval:	\$19,437
Engineering/Subdivision:	\$90,015
Impact Fee Total:	\$1,013,679
Library Impact Fee:	\$17,655
School Impact Fee:	\$310,769
School Constr. Fee:	\$205,486
W/S Impact Fee:	\$267,073
MPDU Housing Fund:	\$87,500
Parkland Facilities Fee:	\$32,116
Parkland Fee-in-Lieu:	\$37,000
Parking Fee-in-Lieu:	\$0
Forest Fee-in-Lieu:	\$5,820
Fire Code Rev. Fees:	\$50,260
Zoning/Building (Other):	\$298,737
Off-Site Improvements:	\$250,000
Demolition:	\$0
Construction:	
Residential:	\$8,827,500
Commercial:	\$324,000
Parking:	\$390,000
Site/Landscape:	\$975,000
Other:	\$1,589,983
Soft Costs:	\$1,207,077
Financing:	\$1,875,159
Total Project	\$18,390,936

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

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

Estimated Fees & Costs:

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

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

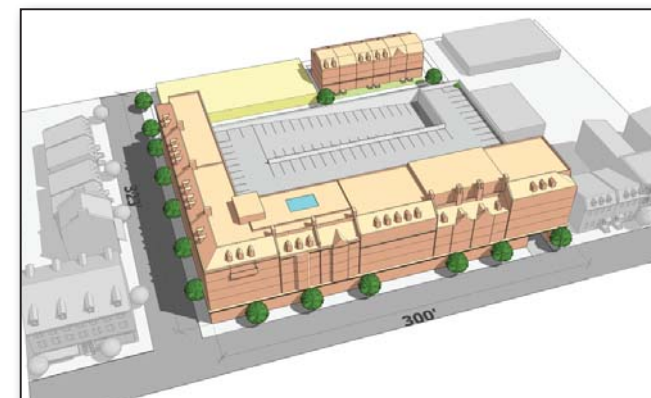
PERFORMANCE METRICS

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:	\$2,150
Projected Annual Revenue:	\$3,232,680
Return on Investment:	6.9%
Estimated CAP Rate:	6.75%
Market Valuation:	\$47,891,556
Market Valuation per DU:	\$321,420
Project Cost per DU:	\$313,048



Alternative 1:

Alternative 1 analyzes the impacts of a denial of demolition permit for all of the buildings and the inefficiencies of retaining and reusing all existing buildings. This alternative proposes commercial uses in the two smaller retained buildings at the corner, focused on a new urban park with the opportunity for outdoor dining. Project yield is reduced to 37 total units.



Alternative 2:

Alternative 2 also looks at the impact of a substantial demolition resulting in a much higher yield. Free-standing structured parking is proposed at the interior of the site in order to achieve a parking ratio of 1.2, similar to the base project. The total project yield is 149 residential units. This proposal also increases building height to 6 stories requiring more expensive construction standards. The annual revenue is higher but the ROI is similar to the base project. However, when the parking structure is eliminated and a small amount of ground floor retail (3,600 sf) is introduced (Alternative 2-B, not shown), the ROI for this 149-unit project increases to 7.9% (fair), and the market valuation to cost relationship improves to +16% (good).

KEY FINDINGS:

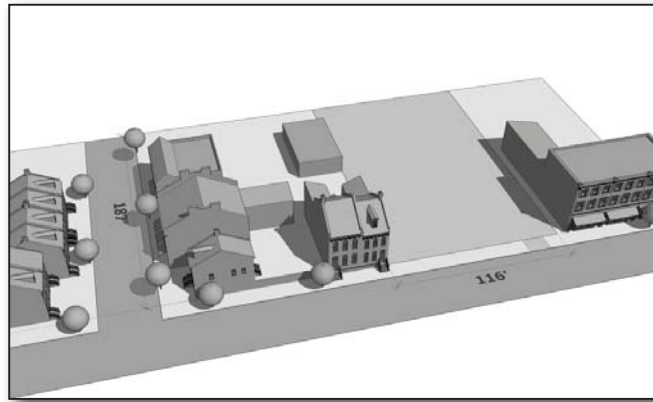
1. Integration with existing historic resources and the rehabilitation of those resources is a challenging and expensive proposition. There are no current off-sets in the system to mitigate these extra costs except the Heritage Structure Rehabilitation Tax Credit.
2. Retaining, rehabilitating and integrating 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 Alternative 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	Poor Red	Marginal Orange	Fair Yellow	Good Green
Return	<6.0%	6.0% to 7.5%	7.5% to 9.0%	>9.0%
Valuation vs. Cost	Negative	0 to 7.5%	7.5% to 15%	>15%

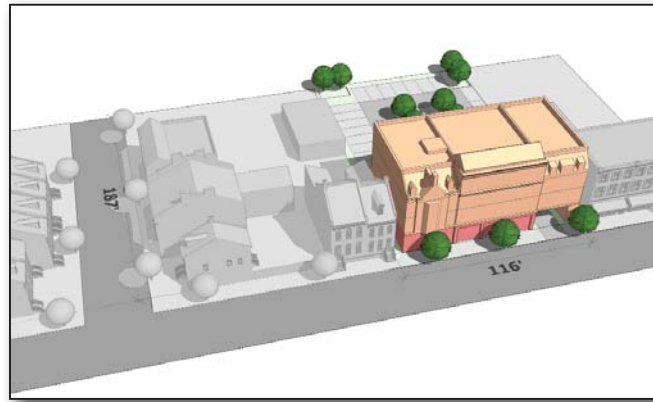
Prototype E New Infill Development - No Existing Buildings

3,200 SF Commercial plus 24 Apartments

Existing Condition:



Proposed Project:



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 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 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.

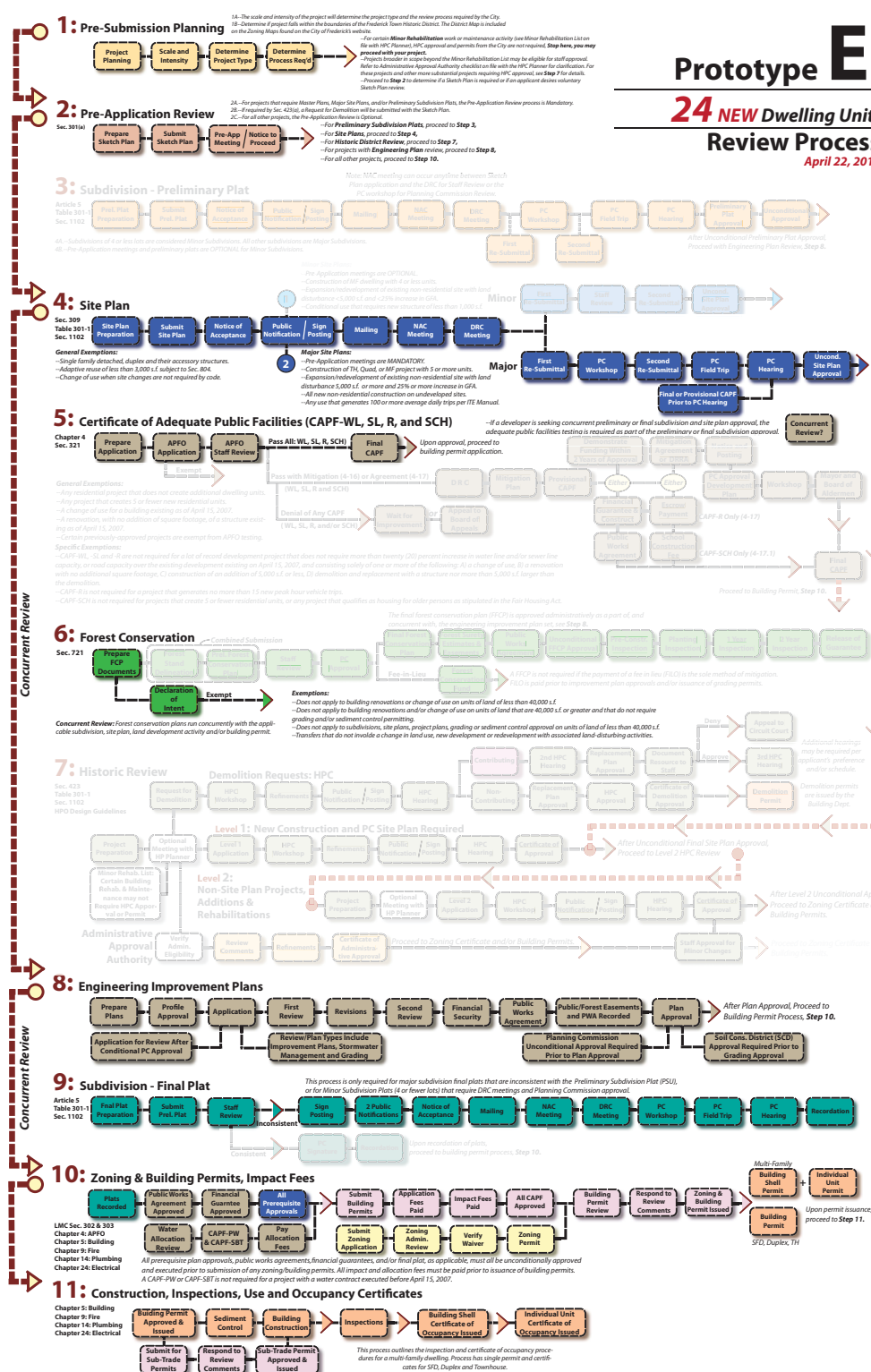
The apartments are a combination of one and two-bedroom units with average size of approximately 910 leasable square feet. The building core area is approximately 15% of the gross building area. Rents are proposed at approximately \$2.15 per square foot, at the higher limits of the current market.

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

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 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:



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
Parkland Fee-in-Lieu:	\$24,000
Parking Fee-in-Lieu:	\$0
Forest Fee-in-Lieu:	\$0
Fire Code Rev. Fees:	\$18,270
Zoning/Building (Other)	\$136,878
Off-Site Improvements:	\$100,000
Demolition:	\$0
Construction	
Residential:	\$3,709,100
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	Months
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:	6.50%
Market Valuation:	\$6,912,000
Market Valuation per DU:	\$288,000
Project Cost per DU:	\$298,532

Legend

	Poor Red	Marginal Orange	Fair Yellow	Good Green
Return	<6.0%	6.0% to 7.5%	7.5% to 9.0%	>9.0%
Valuation vs. Cost	Negative	0 to 7.5%	7.5% to 15%	>15%

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

ALT. 1:
3,200 SF Commercial plus
30 MF Dwellings

Estimated Fees & Costs:	
Land Acquisition/Basis:	\$350,000
Design:	\$274,058
Governmental Fees:	
Development Approval:	\$11,161
Engineering/Subdivision:	\$75,463
Impact Fee Total:	\$419,144
Library Impact Fee:	\$9,240
School Impact Fee:	\$142,608
School Constr. Fee:	\$0
W/S Impact Fee:	\$203,281
MPDU Housing Fund:	\$0
Parkland Facilities Fee:	\$20,832
Parkland Fee-in-Lieu:	\$24,000
Parking Fee-in-Lieu:	\$0
Forest Fee-in-Lieu:	\$0
Fire Code Rev. Fees:	\$19,182
Zoning/Building (Other)	\$137,334
Off-Site Improvements:	\$100,000
Demolition:	\$0
Construction	
Residential:	\$4,201,100
Commercial:	\$288,000
Parking:	\$225,000
Site/Landscape:	\$360,000
Other:	\$542,775
Soft Costs:	\$479,939
Financing	\$829,002
Total Project	\$8,292,975

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

PERFORMANCE METRICS	
Net New Dwellings Achieved:	30
Density Achieved (DU/Ac):	60.0
Govt Fee Per Dwelling Unit:	\$21,437
Affordability Index:	\$67,680
Market Rent - Multifamily:	\$1,880
Projected Annual Revenue:	\$618,240
Return on Investment:	7.5%
Estimated CAP Rate:	6.50%
Market Valuation:	\$9,511,385
Market Valuation per DU:	\$317,046
Project Cost per DU:	\$276,432

ALT. 2:
18 Townhouses

Estimated Fees & Costs:	
Land Acquisition/Basis:	\$350,000
Design:	\$300,140
Governmental Fees:	
Development Approval:	\$11,101
Engineering/Subdivision:	\$80,761
Impact Fee Total:	\$490,552
Library Impact Fee:	\$12,510
School Impact Fee:	\$255,726
School Constr. Fee:	\$0
W/S Impact Fee:	\$181,942
MPDU Housing Fund:	\$0
Parkland Facilities Fee:	\$15,624
Parkland Fee-in-Lieu:	\$18,000
Parking Fee-in-Lieu:	\$0
Forest Fee-in-Lieu:	\$0
Fire Code Rev. Fees:	\$6,750
Zoning/Building (Other)	\$135,726
Off-Site Improvements:	\$100,000
Demolition:	\$0
Construction	
Residential:	\$4,228,000
Commercial:	\$0
Parking:	\$225,000
Site/Landscape:	\$360,000
Other:	\$431,500
Soft Costs:	\$460,567
Financing	\$787,863
Total Project	\$7,961,211

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

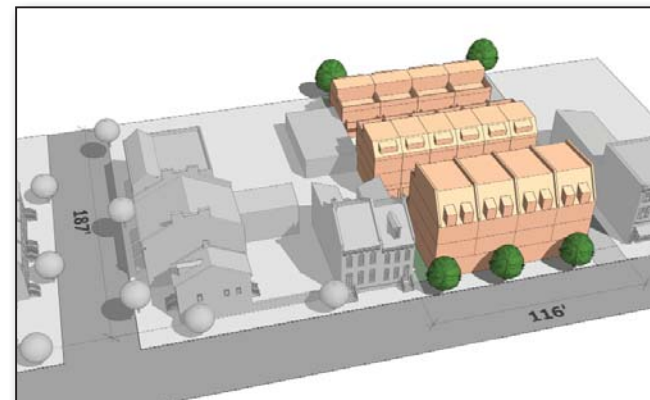
PERFORMANCE METRICS	
Net New Dwellings Achieved:	18
Density Achieved (DU/Ac):	36.0
Govt Fee Per Dwelling Unit:	\$39,897
Affordability Index:	\$93,400
Market Rent - Townhouse:	\$2,594
Projected Annual Revenue:	\$448,320
Return on Investment:	5.6%
Estimated CAP Rate:	6.50%
Market Valuation:	\$6,897,231
Market Valuation per DU:	\$383,179
Project Cost per DU:	\$442,290



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 floor 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 changes, 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 programming of most builders, thus reducing the number of builders that would be attracted to such a project.

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.

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 detail 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, though 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:

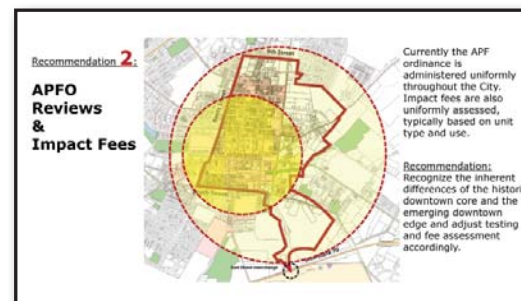
1. Make the process more predictable (Housing Element Policy 1.1);
2. Introduce priority permitting (Housing Element Policy 2.2);
3. Implement fee exemptions (Housing Element Policy 2.2);
4. Allow fee and tax deferrals in order to infuse new residential development (Housing Element Policy 2.2);
5. Promote 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 through 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 deemphasize 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 provide wider and faster roads that are inconsistent with a pedestrian-scaled environment.



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.

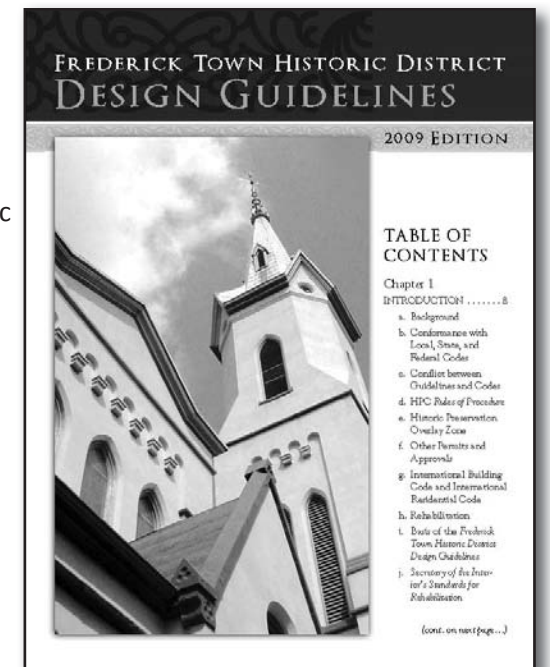
Recommendation 4: Historic Preservation Review.

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.

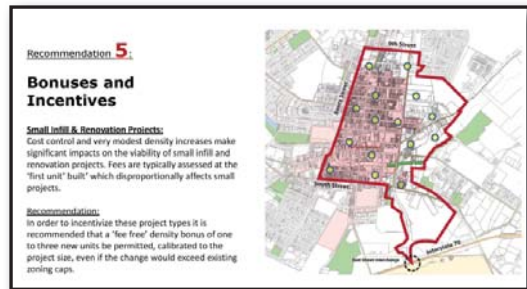
Reasonable and modest changes to the application of applicable standards for buildings within the Historic District could also encourage the improvement of existing structures to include more housing units.

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

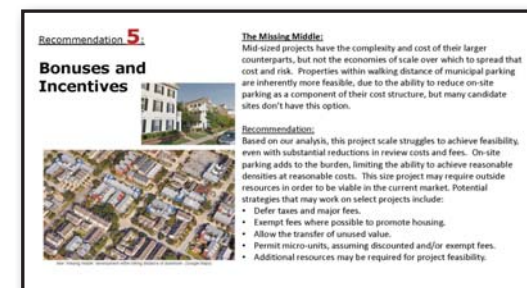
three general scales: small infill and rehabilitation projects, mid-sized infill projects, and larger-scaled projects on larger parcels with fewer contextual issues. Our recommendations are focused on these three scales.

Recommendation 5.1: Bonus 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: Bonus 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.

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 reason-

able 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: Bonus and Incentives for Larger Properties.

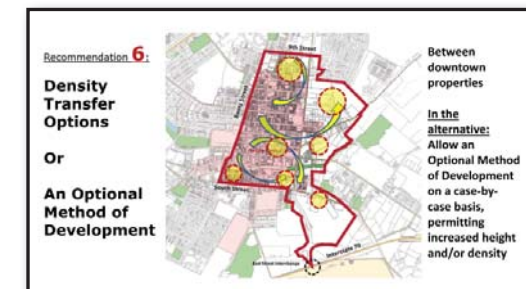
Due to their scale, larger projects have significant up-front costs and challenges. However, larger projects have the potential to infuse significant amounts of new downtown housing.

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.

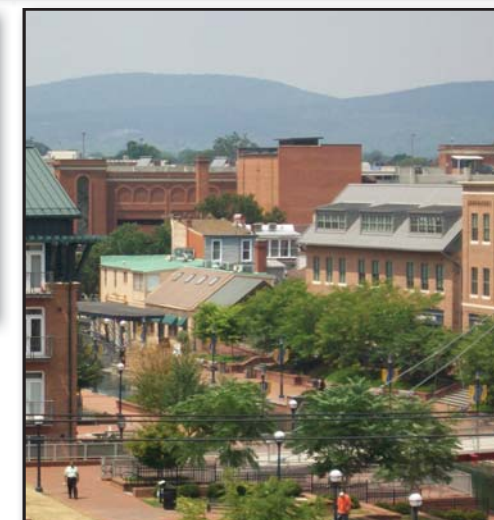
The independent entrepreneurial builder/developer, or private investor, working at the smaller end of the market, would likely benefit most from the proposed policy recommendations, and may still represent the best short-term option for delivering more housing in the downtown core, working consistently 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														
PROTOTYPE	Value / Basis	Property Type	Exist. Bldg Size (sf)	Exist. Zone	Number Lots	Existing Units (du)	Existing Use	Proposed Use	Rental vs. Own	Exist. Parking	Exist. Bldg. Ht (stories)	Demo.	Contrib. Resource	Within HDO
A	\$ 555,000	Lot Rec	6900		1	5	Resid.	Resid.	Rental	0	3	No	Yes	Yes
B	\$ 850,000	Lot Rec	8500	DB	1	0	Ret/Office	Retail/Resid.	Rental	0	4	No	Yes	Yes
C	\$ 1,100,000	Lot Rec	20000		2	0	Office/Vac.	Resid.	Rental	63	3	No	Yes	Yes
D	\$ 1,000,000	Parcel	36000		1	0	Office	Resid.	Rental	150	1	Partial	Partial	Yes
E	\$ 350,000	Parcel	0	DB/DR	1	0	Vacant	Retail/Resid.	Rental	50	n/a	n/a	n/a	No

THEORETICAL YIELDS														
PROTOTYPE	General Description	PROTOTYPE	Parcel Size (sf)	Parcel Size (ac)	Density per Zone (du/ac)	Density per Zone (du/ac)	Density per Zone (du/ac)	Max. Theo. Yield per Zone (du)	MPDUs Reqd. (du)	Max. MPDU Bonus (%)	Max. Theo. MPDU Yield (du)	MPDUs Reqd. (du)	Potential Yield Based on Aver. Size: 950 sf 50% 2Bed	
A	Rehabilitation of existing units, no additional units.	A	6900	0.158	75	75		11	0				7	
A-Alt 1	Max. per zone, all interior renovation into micro-units.	A-Alt 1	6900	0.158	75	75		11	0				7	
A-Alt 2	All interior renovation, only 2 additional units.	A-Alt 2	6900	0.158	75	75		11	0				7	
B	Change of use, interior renovations, access reqd.	B	3400	0.078	75			5	0				6	
B-Alt 1	Change of use, interior renovations, access reqd., one bonus fee free unit, requires code change.	B-Alt 1	3400	0.078	75			5	0				6	
B-Alt 2	Change of use, interior renovations, access reqd. two bonus fee free units, requires code change.	B-Alt 2	3400	0.078	75			5	0				6	
B-Alt 3	Change of use, interior renovations, access reqd., three bonus fee free units, requires code change.	B-Alt 3	3400	0.078	75			5	0				6	
C	Renovate ex. office and construct new residential building, partial podium.	C	44000	1.010	75	75		75	10	15%	92	14	79	
C-Alt 1	Renovate ex. office and construct new residential building, partial podium, add'l units.	C-Alt 1	44000	1.010	75	75		75	10	15%	92	14	79	
C-Alt 2	Renovate ex. office and construct new residential building, partial podium, add'l units, fee reduct., no off-site, no sch	C-Alt 2	44000	1.010	75	75		75	10	15%	92	14	79	
D	Renovate ex. Commercial to residential, new construction, partial demolition, surface parking.	D	97000	2.227	75	75		167	21	15%	203	31	120	
D-Alt 1	Renovate ex. Commercial to residential, new construction, NO demolition.	D-Alt 1	97000	2.227	75	75		167	21	15%	203	31	63	
D-Alt 2	Renovate ex. Commercial to residential, new construction, aggressive demolition, parking deck.	D-Alt 2	97000	2.227	75	75		167	21	15%	203	31	148	
E	24 MF units, new construction, with 3,200 sf comercial.	E	21780	0.500	75	75	40	37	5	15%	45	7	23	
E-Alt 1/2/3	24 MF units, new construction, plus 6 units and 3,200 sf commercial, various levels of fee and processing reductions.	E-Alt 1	21780	0.500	75	75	40	37	5	15%	45	7	26	
E-Alt 4	18 for sale towns.	E-Alt 2	21780	0.500	75	75	40	37	5	15%	45	7	n/a	

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 building area, 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.

Legend:

- DU: Dwelling Unit
- Du/Ac: Density Expressed as Dwelling Units per Acre.
- FAR: Floor Area Ratio
- GSF: Gross Square Feet
- MPDU: Moderately Priced Dwelling Unit
- NLSF: Net Leasable Square Feet
- SF: Square Feet
- SP: Parking Space
- Sp/Du: Parking Ratio Expressed as Parking Spaces per Dwelling Unit

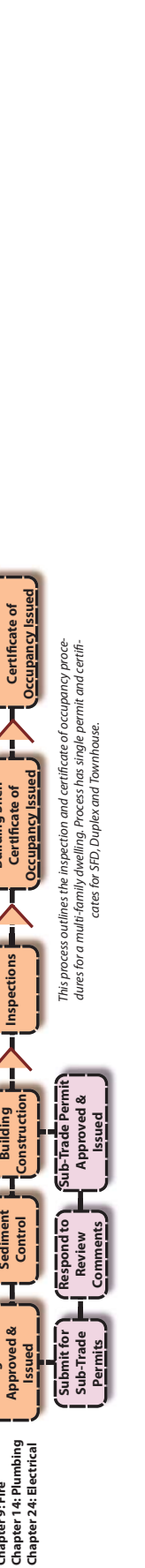
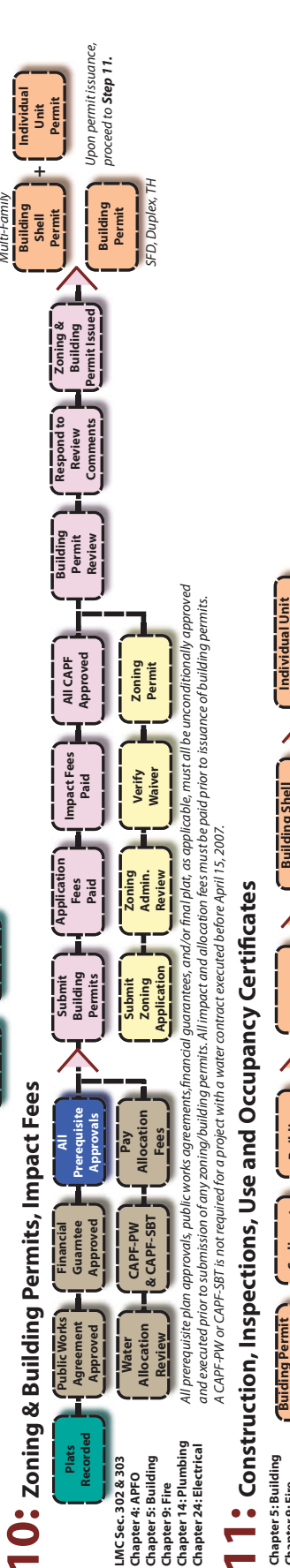
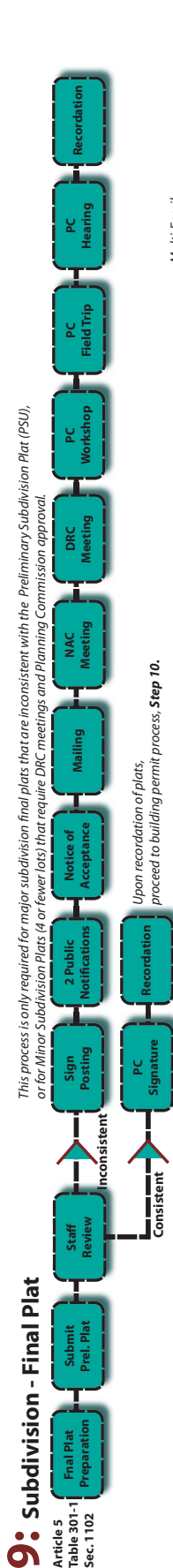
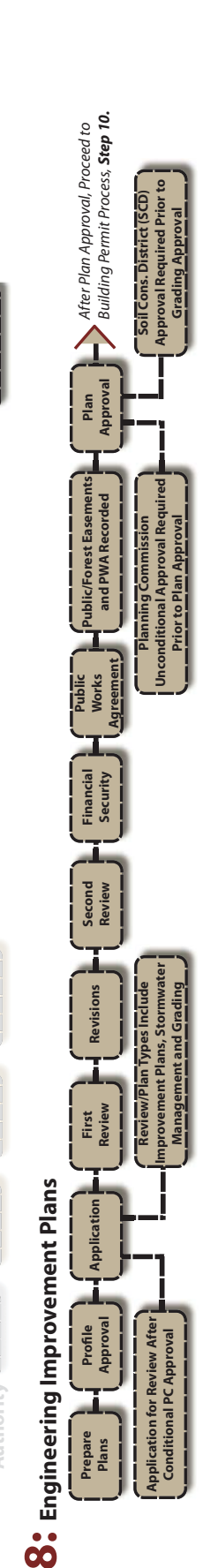
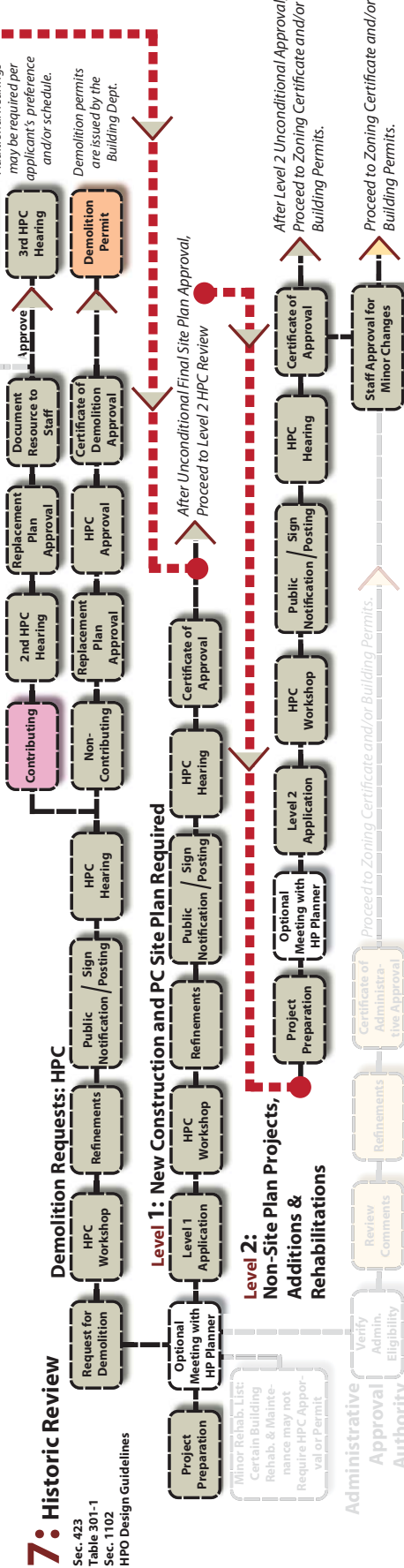
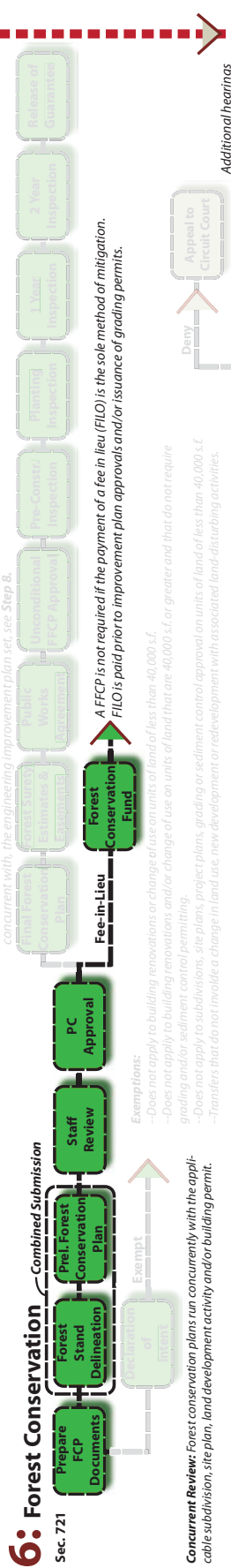
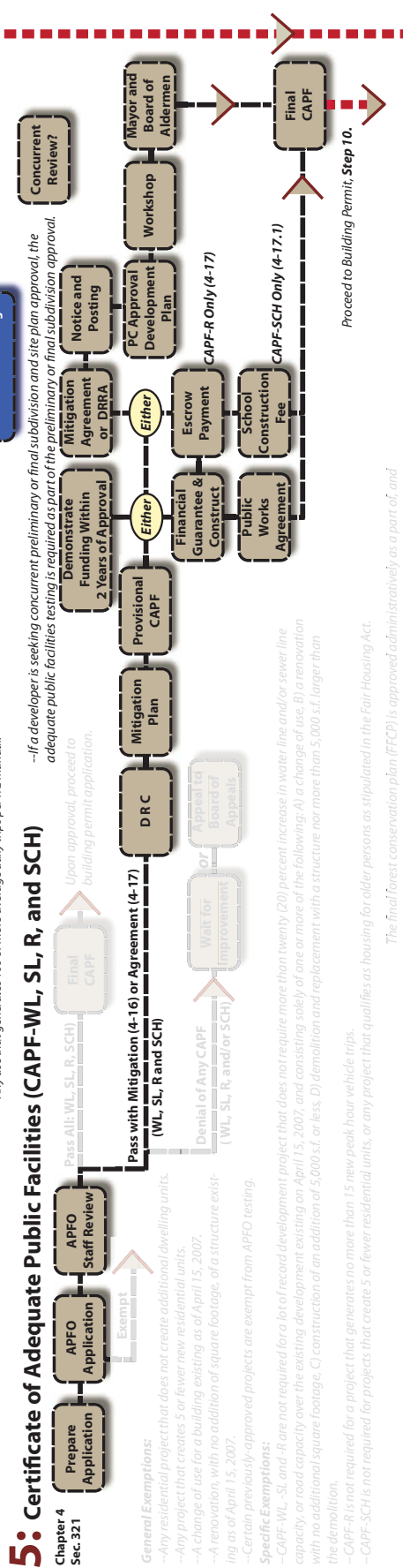
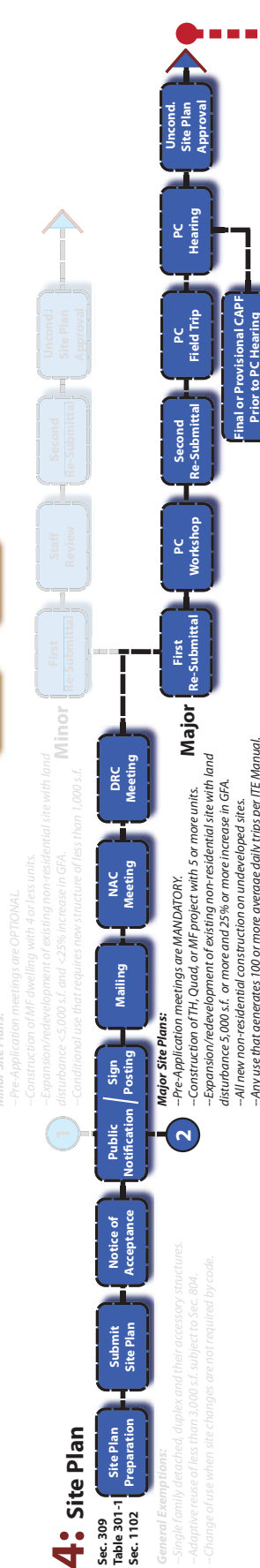
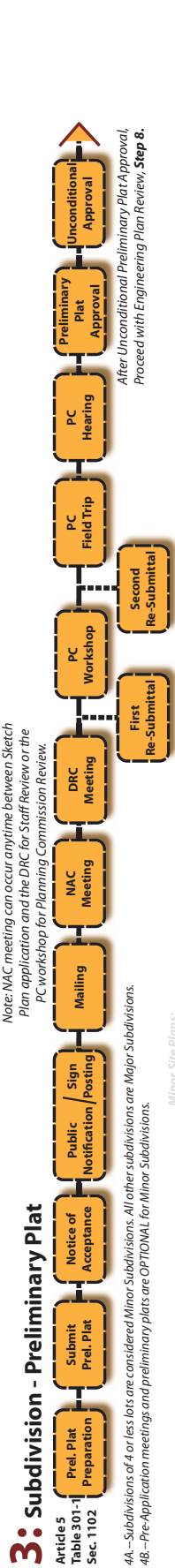
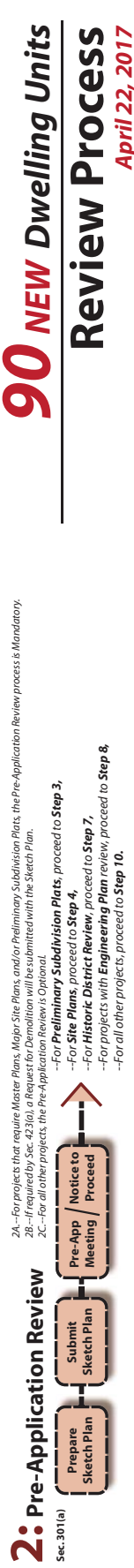
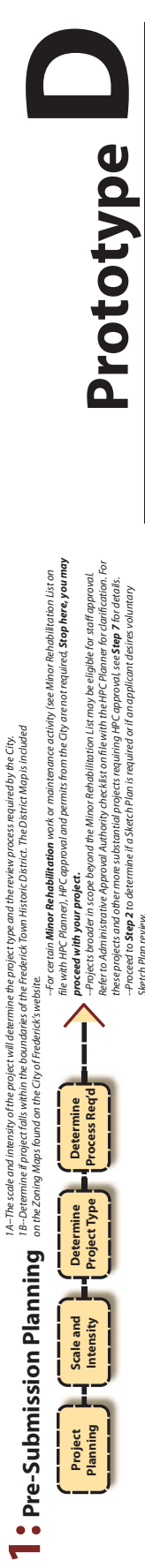
ACTUAL YIELD																					
PROTOTYPE	Prop. Demo. Area (sf)	Exist. DU to Rehab. (du)	Prop. MF DU in Reno. (du)	Prop TH DU New Construc tion (du)	Prop MF DU New Construc tion (du)	Total (du)	MPDU (du)	Prop. Bldg. Area - Comm. (GSF)	Prop. Bldg. Area - Resid. (GSF)	Prop. Total Bldg. Area (GSF)	Average Resid. Unit Size TH (NLSF)	Average Resid. Unit Size - MF (NLSF)	Min. Reqd. Parking (sp)	Parking Spaces Provided (sp)	Parking Ratio (sp/du)	Prop. Height (stories)	Constr. Type	Current FAR (bldg sf / lot sf)	Prop. FAR (bldg sf / lot sf)	Current Density (du/ac)	Prop. Density (du/ac)
A	0	5	0	0	0	5	0	0	6900	6900	n/a	1104	4	0	0.0	3	III-A	1.0	1.0	31.6	31.6
A-Alt 1	0	0	11	0	0	11	0	0	6900	6900	n/a	502	9	0	0.0	3	III-A	1.0	1.0	31.6	69.4
A-Alt 2	0	5	2	0	0	7	0	0	6900	6900	n/a	789	6	0	0.0	3	III-A	1.0	1.0	31.6	44.2
B	0	0	5	0	0	5	0	2125	6375	8500	n/a	1084	4	0	0.0	4	V-A	2.5	2.5	0.0	64.1
B-Alt 1	0	0	5	0	1	6	0	2125	6375	8500	n/a	850	5	0	0.0	4	V-A	2.5	2.5	0.0	76.9
B-Alt 2	0	0	5	0	2	7	0	2125	6375	8500	n/a	774	6	0	0.0	4	V-A	2.5	2.5	0.0	89.7
B-Alt 3	0	0	5	0	3	8	0	2125	6375	8500	n/a	677	6	0	0.0	4	V-A	2.5	2.5	0.0	102.5
C	0	0	17	0	46	63	8	0	75700	75700	n/a	1022	48	63	1.00	4 and 2	III-A	0.5	1.7	0.0	62.4
C-Alt 1	0	0	17	0	52	69	9	0	75700	75700	n/a	933	52	63	0.91	4 and 2	III-A	0.5	1.7	0.0	68.3
C-Alt 2	0	0	23	0	52	75	10	0	75700	75700	n/a	858	57	63	0.84	4 and 2	III-A	0.5	1.7	0.0	74.3
D	12725	0	24	6	60	90	12	0	114300	114300	2400	975	68	106	1.2	4 and 1	III-A	0.4	1.2	0.0	40.4
D-Alt 1	0	0	26	11	0	37	5	3600	59900	63500	2500	1060	28	74	2.0	3 and 1	III-A	0.4	0.7	0.0	16.6
D-Alt 2	26100	0	10	12	127	149	19	3600	141000	144600	1050	975	112	198	1.3	6	III-A w Pod.	0.4	1.5	0.0	66.9
E	n/a	0	0	0	24	24	0	3200	22380	25580	n/a	906	18	40	1.7	4	V-A	0.0	1.2	0.0	48.0
E-Alt 1/2/3	n/a	0	0	0	30	30	4	3200	24780	27980	n/a	793	23	38	1.3	4 and 2	V-A	0.0	1.3	0.0	60.0
E-Alt 4	n/a	0	0	18	0	18	0	0	34400	34400	1911	n/a	14	38	2.1	3 and 4	III-A	0.0	1.6	0.0	36.0

Prototype

90 NEW Dwelling Units

Review Process

April 22, 2017



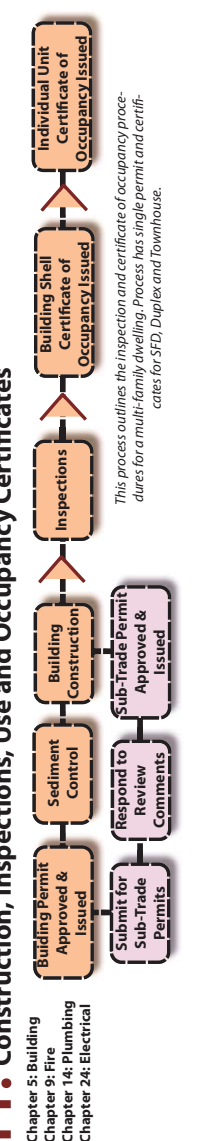
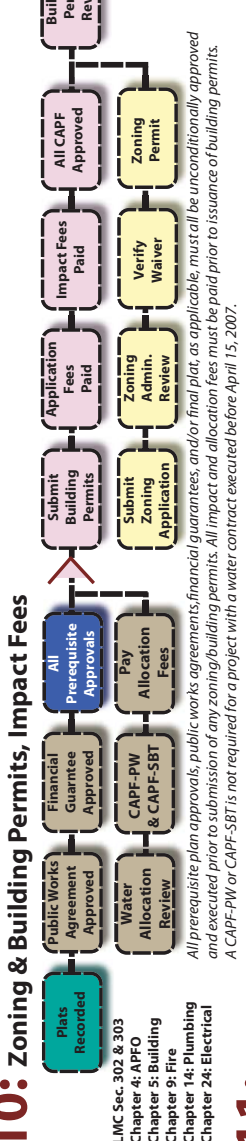
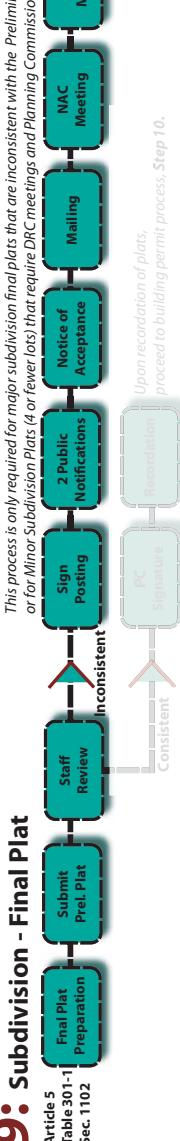
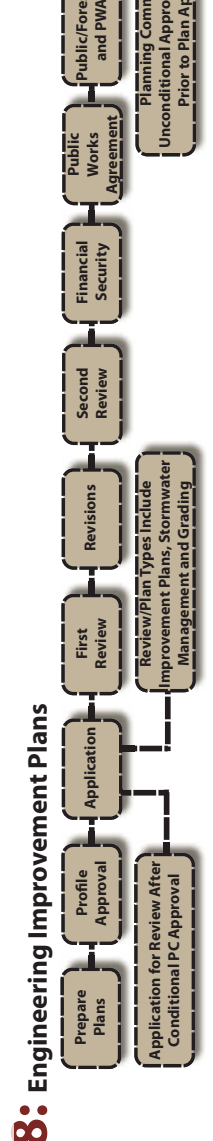
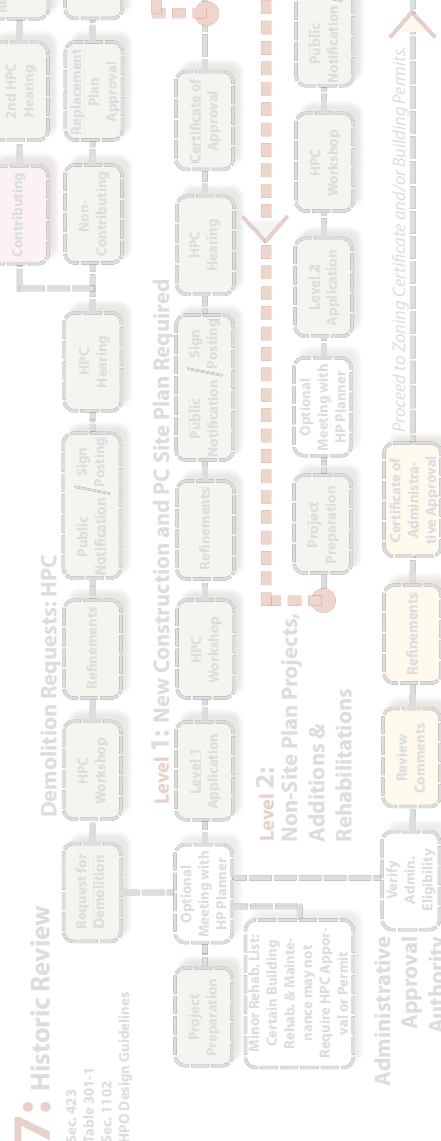
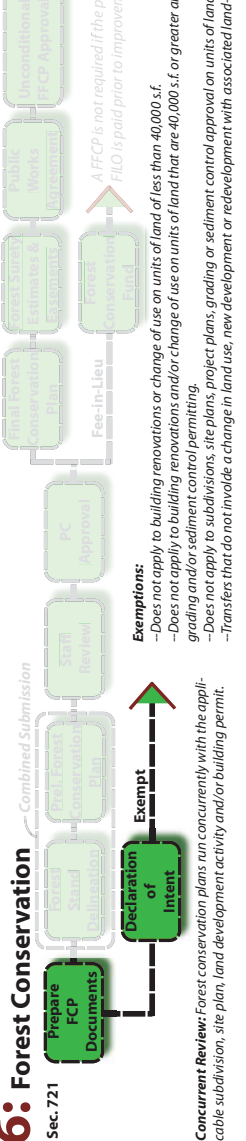
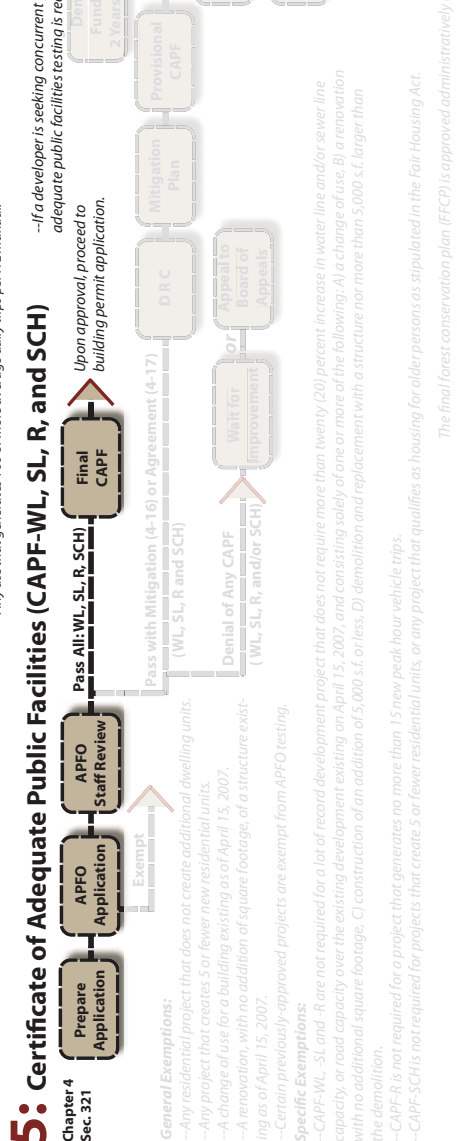
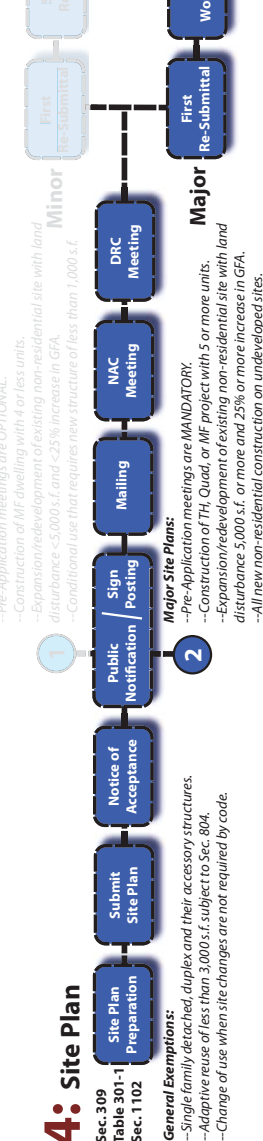
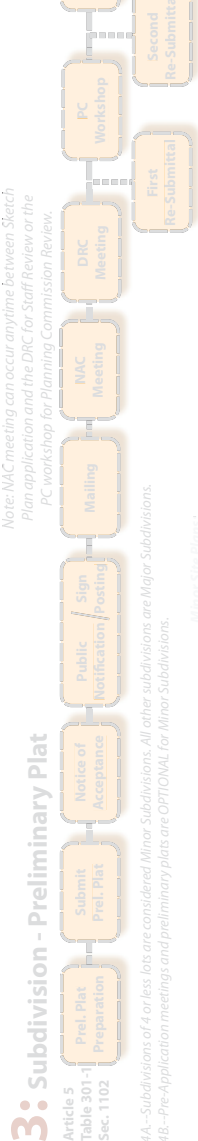
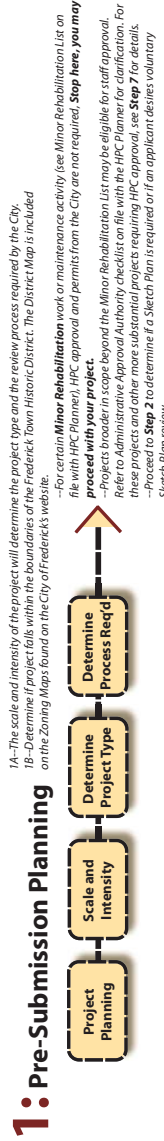
1A--The scale and intensity of the project will determine the project type and the review process required by the City.
 1B--Determine if project falls within the boundaries of the Frederick Town Historic District. The District Map is included on the Zoning Maps found on the City of Frederick's website.
 1C--For projects that require Master Plans, Major Site Plans, and/or Preliminary Subdivision Plans, the Pre-Application Review process is Mandatory.
 2A--For projects that require Master Plans, Major Site Plans, and/or Preliminary Subdivision Plans, the Pre-Application Review process is Mandatory.
 2B--If required by Sec. 423(f), a Request for Demolition will be submitted with the Sketch Plan.
 2C--For all other projects, the Pre-Application Review is Optional.
 3A--For projects with Engineering Plan Review, proceed to Step 7.
 3B--For projects with Engineering Plan Review, proceed to Step 8.
 3C--For all other projects, proceed to Step 10.
 Note: NAC meeting can occur anytime between Sketch Plan application and the DRC for Staff Review or the PC workshop for Planning Commission Review.
 4A--Subdivisions of 4 or less lots are considered Minor Subdivisions. All other subdivisions are Major Subdivisions.
 4B--Pre-Application meetings and preliminary plats are OPTIONAL for Minor Subdivisions.
 Minor Site Plans:
 -Pre-Application meetings are OPTIONAL.
 -Construction of MF dwelling with 4 or less units.
 -Expansion/redevelopment of existing non-residential site with land disturbance <5,000 s.f. and <25% increase in GFA.
 -Conditional use that requires new structure of less than 1,000 s.f.
 Major Site Plans:
 -Pre-Application meetings are MANDATORY.
 -Construction of TH, Quad, or MF project with 5 or more units.
 -Expansion/redevelopment of existing non-residential site with land disturbance 5,000 s.f. or more and 25% or more increase in GFA.
 -All new non-residential construction on undeveloped sites.
 -Any use that generates 100 or more average daily trips per ITE Manual.
 5--If a developer is seeking concurrent preliminary or final subdivision and site plan approval, the adequate public facilities testing is required as part of the preliminary or final subdivision approval.
 Upon approval, proceed to building permit application.
 Pass with Mitigation (4-16) or Agreement (4-17)
 (WL, SL, R, and SCH)
 Denial of Any CAPF
 (WL, SL, R, and/or SCH)
 Appeal to Board of Appeals
 Appeal to Circuit Court
 6--The final forest conservation plan (FFCP) is approved administratively as a part of, and concurrent with, the engineering improvement plan set, see Step 8.
 A FFCP is not required if the payment of a fee in lieu (FILO) is the sole method of mitigation.
 FILO is paid prior to improvement plan approvals and/or issuance of grading permits.
 Exemptions:
 -Does not apply to building renovations or change of use on units of land of less than 40,000 s.f.
 -Does not apply to building renovations and/or change of use on units of land that are 40,000 s.f. or greater and that do not require grading and/or sediment control permitting.
 -Does not apply to subdivisions, site plans, project plans, grading or sediment control approval on units of land of less than 40,000 s.f.
 -Transfers that do not involve a change in land use, new development or redevelopment with associated land-disturbing activities.
 Concurrent Review: Forest conservation plans run concurrently with the applicable subdivision, site plan, land development activity and/or building permit.
 7--Additional hearings may be required per applicant's preference and/or schedule.
 Demolition permits are issued by the Building Dept.
 After Level 2 Unconditional Approval, Proceed to Zoning Certificate and/or Building Permits.
 Proceed to Zoning Certificate and/or Building Permits.
 Staff Approval for Minor Changes
 Proceed to Zoning Certificate and/or Building Permits.
 After Plan Approval, Proceed to Building Permit Process, Step 10.
 Planning Commission Unconditional Approval Required Prior to Plan Approval
 Soil Cons. District (SCD) Approval Required Prior to Grading Approval
 This process is only required for major subdivision final plats that are inconsistent with the Preliminary Subdivision Plat (PSU), or for Minor Subdivision Plats (4 or fewer lots) that require DRC meetings and Planning Commission approval.
 Upon recordation of plats, proceed to building permit process, Step 10.
 LMC Sec. 302 & 303
 Chapter 4: APFO
 Chapter 5: Building
 Chapter 9: Fire
 Chapter 14: Plumbing
 Chapter 24: Electrical
 This process outlines the inspection and certificate of occupancy procedures for a multi-family dwelling. Process has single permit and certificates for SFD, Duplex and Townhouse.
 Chapter 5: Building
 Chapter 9: Fire
 Chapter 14: Plumbing
 Chapter 24: Electrical

Prototype

24 NEW Dwelling Units

Review Process

April 22, 2017



Concurrent Review

Concurrent Review

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.

Live Downtown Frederick Case Study Project

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 provide planning 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 **Department of Housing and Urban Development** (HUD) Community Development Block Grant (CDBG) Program can fund historic preservation and heritage tourism projects. Their brochure, *Historic Preservation and Heritage Tourism in Housing and Community Development: A Guide to Using Community Development Block Grant Funds for Historic Preservation and Heritage Tourism in Your Communities*, can be accessed at: https://portal.hud.gov/hudportal/documents/huddoc?id=DOC_14212.doc. Information on the CDBG Program can be accessed here: https://portal.hud.gov/hudportal/ HUD?src=/program_offices/comm_planning/communitydevelopment/programs.

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 archeology, 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/grants>) 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 sym-

posia), 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 large and/or 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>, <http://projectportal.dhcd.state.md.us/Login2.aspx?APPTHEME=MDDHCD>) provides an array of funding programs for community revitalization and heritage preservation.

- **Community Legacy** (<http://dhcd.maryland.gov/Communities/Pages/programs/CL.aspx>) which provides flexible capital and operating resources to assist local governments and their nonprofit partners in planning and realizing community revitalization and heritage preservation initiatives;
- 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/Our-Work/MarylandInfoPortal.shtml>), a database of financial and non-financial 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 (MCAAHC). The grant provides support for the acquisition, construction, and capital improvement 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 **Historic Preservation 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 enables the owners or long-term lease holders of 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** (MHAA) (<http://mht.maryland.gov/grants.shtml>) provides support for historic preservation, cultural traditions and special natural landscapes 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.msac.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.msac.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.msac.org/programs/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, multi-discipline, 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 State Highway Administration and provides funding for transportation-related community amenities. 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/environment/recreational/>) funds the development of community-based, motorized and non-motorized recreational trail projects. The program provides funds for all kinds of recreational trail uses, such as pedestrian uses, bicycling, in-line skating, equestrian use, cross-country skiing, off-road motorcycling, all-terrain vehicles, and four-wheel drive vehicles.

The **Rural Maryland Council** (www.rural.state.md.us) administers the Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF) which offers financial support to rural-serving nonprofit organizations that promote statewide and regional planning, economic and community development, and agricultural and forestry education efforts.

NATIONAL NON-PROFIT ORGANIZATIONS

The **1772 Foundation** (www.1772foundation.org) seeks to preserve and enhance American historical entities for future generations to enjoy with particular interest in farming, industrial development, transportation and unusual historical buildings.

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.fundforsacredplaces.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** (<https://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 (<https://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-fredco.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 web site for more information: <http://frederickartscouncil.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 maintain a core collection of Foundation Center materials and occasionally offer 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#.WK8JUVkrIdV>) provides several grants and scholarships that promote development, outreach and conservation projects.

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