



PRESERVATION MARYLAND

November 17, 2017

Melissa Archer
Project Manager
Maryland Department of Housing & Community Development
2 N Charles Street, Suite 450
Baltimore, Maryland 21201

Dear Ms. Archer,

On behalf of the Board of Preservation Maryland and our nearly 8,000 members and supporters, we appreciate the opportunity to provide written commentary on the Downtown Frederick Hotel and Conference Center.

In consideration of your agency's requirements under Sections 5A-325 and 5A-32 of the Maryland Historical Trust Act of 1985, as amended, we offer the following potential mitigation strategy for the Department to seriously consider as you work to resolve the adverse effects created by the project.

CREATION OF REVOLVING FUND FOR THE REHABILITATION OF FREDERICK'S HISTORIC PROPERTIES

Preservation Maryland feels strongly that these types of mitigation projects should be viewed as opportunities to create lasting, permanent good for historic resources. Rather than pursuing a "document-and-destroy" approach or a one-time investment to mitigate the adverse effect, we believe there is a way to create lasting good in a fiscally prudent and responsible manner.

It is well understood and accepted that the Downtown Frederick Hotel and Conference Center project will generate an ongoing, dedicated revenue source in the form of increased hotel room tax. Therefore, we propose that a small, to-be-negotiated, percentage of that revenue be dedicated to the establishment of a corpus of a Fund that would be used for the rehabilitation of historic resources within the project's Area of Potential Effect (A.P.E.).

The Fund would operate under a governing partnership between the City of Frederick, Downtown Frederick Partnership and Preservation Maryland and would provide revolving fund financing to projects resulting in the rehabilitation of historic resources. An initial emphasis of the Fund would be placed on façade restoration and identifying ways to increase the impact of existing façade improvement grants as well as address ongoing challenges with historic building rehabilitation including ADA access, sprinkler systems and second floor reuse. Guidelines, applications and operating procedures would be developed by the partnership charged with management of the new Fund with review and approval by DHCD and MHT, if so desired.

We envision that the Fund would not begin to disburse loans until an agreed upon corpus of funds had been accrued. Based upon the experience of similar funds studied by Preservation Maryland, that amount would need to be approximately \$75,000-150,000 – at which point the Fund would have the necessary capacity to provide for small capital lending, loss-reserve, underwriting and nominal operating costs. Every year, a distribution from the hotel tax associated with the project would add to the Fund, expanding the ability to provide support for rehabilitation projects.

Preservation Maryland is prepared to commit its resources and staff to administering the fund for the benefit of the City of Frederick, but would also be open to additional parties supporting or overseeing the fund if a better partner was identified.

[Note: If the proposed use of hotel tax is not acceptable to the involved parties, we are prepared to consider, review, identify and propose alternative funding sources.]

PRECEDENT FOR MITIGATION STRATEGY

Funds of this variety have been established as a result of mitigation stemming from projects throughout the state and around the nation. Most recently, a “Section 106” project resulting from a federal undertaking of the Federal Railroad Administration involving a tunneling project in Baltimore City concluded with the establishment of a fund to be located at Preservation Maryland to mitigate the broad impacts.

While signage, documentation and perhaps even museum exhibits in the new facility would be of benefit to the community and deserve consideration, our proposal would *directly* offset the actual impact of the project and make good on the suggestions and implication that this project would spur the rehabilitation of historic resources in the immediate vicinity. *This Fund would ensure that is the case.*

Furthermore, this proposal does not require additional upfront capital or place new financial demands on the fledgling project. It requires no new funding, would directly impact and improve historic resources in the A.P.E. and would provide a new source of lending for historic property enhancement within the historic district. Given the current serious concerns about the future of the federal historic tax credit, which has been *critical* to the revitalization of downtown Frederick, it is imperative to identify new strategies and approaches to support this critical work.

SUCCESS OF SIMILAR FUNDS NATIONALLY

A recent report by the National Trust for Historic Preservation highlighted the powerful impact of funds similar to our proposal. Of the 20 revolving funds from around the nation that were surveyed, an estimated 2,456 properties have been preserved over the past decade as a result of their efforts. This translates into close to 5 million square feet of space saved from demolition. Those buildings have a cumulative value of almost \$500 million which provides housing for over 6,000 people and generates an estimated \$3.1 million in property taxes.

More recently, the 1772 Foundation has launched a pilot program in partnership with several Main Street communities to spur investment in downtowns and increase the impact of government façade improvement grants. Small loans are made to increase the amount of possible rehabilitation – a winning combination that could be duplicated in Frederick under this proposal to expand the impact of existing DHCD façade grants.

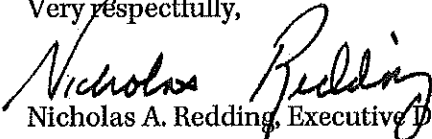
Simply stated, revolving funds for preservation are one of the strongest, if not the strongest tool available and the results are stunning. From Savannah to Seattle the impact is undeniable.

NEXT STEPS

We sincerely believe that the Maryland Department of Housing and Community Development and the project partners have an unparalleled opportunity to establish a unique, dynamic and cost-effective mitigation strategy to create permanent benefits from a one-time adverse impact.

Should the Department require further details, plans or information, we stand prepared to present them and to assist in this process. We look forward to discussing this option with you at your earliest convenience.

Very respectfully,


Nicholas A. Redding, Executive Director