CITY OF TANEYTOWN
ORDINANCE 5-2011
DOWNTOWN REVITALIZATION ACT OF 2011

PURSUANT to the authority granted in Section C-401 (A) of the Charter of the City of Taneytown, the Mayor and City Council of the City of Taneytown are empowered to pass such ordinances that are necessary for the protection, preservation and promotion of the welfare of the residents of the City of Taneytown and their property; and

PURSUANT to the authority granted in Section C-401 (B)(27) of the Charter of the City of Taneytown, the Mayor and City Council of the City of Taneytown are empowered to expend municipal funds for purposes deemed to be public and to affect the safety, health and general welfare of the City and its occupants.

WHEREAS, the City of Taneytown, in partnership with the Maryland State Highway Administration, has made a significant investment in the revitalization of “Main Street” infrastructure including the replacement of streets, water and sewer transmission mains and building connections, sidewalks, lighting and other streetscape aesthetic improvements; and

WHEREAS, this investment was made for the purpose of improving this core area of the City and encouraging property owners and businesses to locate, expand and invest in their locations in this downtown area of the City. The increased utilization of the downtown area would increase pedestrian traffic, business opportunities and the tax base of the City of Taneytown, which would benefit all City residents; and

WHEREAS the Mayor and City Council, in order to study this matter, appointed a committee of residents, business owners and property owners of the City to explore the issues and solutions related to the economic revitalization of the downtown area; and

WHEREAS, based on the preliminary findings of this committee, the Mayor and City Council supported the recommendation of the committee to engage the services of a professional that would offer specific and meaningful guidance in actions that should be taken to accomplish the revitalization goals. The Mackenzie firm was hired to provide this professional advice and perform its task under a scope of work specified by the Mayor and City Council.

WHEREAS, Mackenzie and the committee studied each individual property in the downtown area to provide a basis for the geographic area to be included in the Downtown Revitalization Zone. The criteria used to analyze these properties included their location in the potential revitalization zone; their potential to be used or converted to a business use; the historic character of the property as related to the overall character of the City; the location of the property to create a core mass needed to generate pedestrian and business traffic mutually beneficial to all of the properties in the zone; and numerous other factors; and

WHEREAS, Mackenzie and the committee found that the City would benefit from the increase of business use property and the conversion of residential property, both owner-occupied and
residential rental property, to business property by increasing the City's tax base and reducing the impact of City services; and

WHEREAS, Mackenzie and the committee found that it would be in the best interest of the City to encourage individual property owners to make improvements to their properties, especially the portion of the property visible from the public ways, which would beautify the downtown area and encourage the increase use of these properties; and

WHEREAS, Mackenzie and the committee found that the revitalization of the downtown area would also benefit the City by increasing the employment opportunities in the City, allowing City residents to be able to find employment close to where they live, thus increasing their quality of life and allowing them to be more involved in their community; and

WHEREAS, the Mayor and City Council were presented with the findings of Mackenzie and the committee on September 7, 2011. After public discussion and the opportunity for public comment, the Mayor and City Council adopted the concept embodied by the findings of the committee on September 12, 2011.

WHEREAS, the Mayor and City Council find that it is in the best interest of the citizens of Taneytown to develop legislation, policies and procedures to enact the concepts presented by Mackenzie and the committee for the revitalization of the downtown area.

NOW THEREFORE BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF TANEYTOWN:

Section 1. Establishment of the Downtown Revitalization Zone.

A. There is hereby created a Downtown Revitalization Zone (DRZ) in an area of the City of Taneytown to be specified by the Mayor and City Council.

B. Only properties located within the DRZ shall be eligible for any benefits that may be applicable to them as specified in this Ordinance.

Section 2. Geographic Area.

The geographic confines of the DRZ created herein are shown, designated and described on a plat prepared by Mackenzie entitled "Revitalization Zone Taneytown, Maryland"; signed and dated by the Mayor of the City of Taneytown in an even date herewith, and is attached hereto as Exhibit A, and made a part hereof.

Section 3. Property Improvement Incentives.

The City of Taneytown shall offer the payment of cash incentives to property owners within the DRZ for undertaking and completing certain actions and improvements to their real property located within the DRZ. The eligibility and amount of the incentives are described in this Section. These incentives will be made pursuant to the terms, conditions and guidelines of the
Property Improvement Incentive Program (PIIP), which shall be developed by the City Staff by December 31, 2011.

A. Residential Property

1. Residential properties located in the DRZ shall be eligible for incentives contained in this Section for improvements made to the façade of the principal structure on the property.

2. The amount of the incentive a property owner is entitled to receive shall be based on the amount of the Certified Investment Expenditure (CIE) made by the property owner on the eligible improvement.

   a. A CIE of at least $10,000.00 and not more than $24,999.00 shall entitle the property owner to receive the sum of $250.00 per year from the City for a period of five (5) years beginning the year after the improvement is certified to be complete.

   b. A CIE of at least $25,000.00 and not more than $49,999.00 shall entitle the property owner to receive the sum of $500.00 per year from the City for a period of five (5) years beginning the year after the improvement is certified to be complete.

   c. A CIE of at least $50,000.00 or more shall entitle the property owner to receive the sum of $1,000.00 per year from the City for a period of five (5) years beginning the year after the improvement is certified to be complete.

3. As the incentivized improvement to the property being encouraged by this program may cause an increase in the real property tax assessment performed by the State of Maryland Department of Assessment and Taxation, the City shall offer a Freeze Incentive (FI) to address this issue, to property owners making a CIE of $25,000 or more.

   a. The property tax assessment of the applicable property will be noted upon its entry into the PIIP prior to any improvement being made.

   b. Should the property tax assessment increase on the subject property within a five (5) year period beginning the year after the improvement is certified to be complete, a calculation will be made to determine the difference between the initial tax assessment and the new tax assessment. This assessment difference will be multiplied by the City’s real property tax rate in effect at the time of the increase in assessment using the customary formula to calculate real property tax due. This resulting amount will be refunded to the property owner each year for a period of five (5) years after the implementation of the new assessment.
i. The FI does not apply to the County and State real property tax amount.

ii. The FI shall address only the increase in assessment amount and shall not be affected or address any increase in the property tax rate.

iii. If a property’s tax assessment shall decrease the FI outlined in this section shall not apply.

B. Non-Residential Property

1. Non-residential properties of a business or commercial nature located in the DRZ shall be eligible for incentives contained in this Subsection for any improvements made to the principal structure on the property.

a. Residential rental property shall not be considered business or commercial in nature and shall not be eligible for the incentives contained in this Subsection.

b. The conversion of non-residential property into residential or residential rental property shall not be eligible for the incentives contained in this Subsection.

c. Acquisition costs shall not be eligible for inclusion in the CIE made by the property owner.

2. The amount of the incentive a property owner is entitled to receive shall be based on the amount of the Certified Investment Expenditure (CIE) made by the property owner on the eligible improvement.

a. A CIE of at least $25,000.00 and not more than $49,999.00 shall entitle the property owner to receive the sum of $250.00 per year from the City for a period of five (5) years beginning the year after the improvement is certified to be complete.

b. A CIE of at least $50,000.00 and not more than $74,999.00 shall entitle the property owner to receive the sum of $500.00 per year from the City for a period of five (5) years beginning the year after the improvement is certified to be complete.

c. A CIE of at least $75,000.00 and not more than $249,999.00 shall entitle the property owner to receive the sum of $1,000.00 per year from the City for a period of five (5) years beginning the year after the improvement is certified to be complete.

d. A CIE of at least $250,000.00 or more shall entitle the property owner to receive the sum of $2,500.00 per year from the City for a period of five (5) years beginning the year after the improvement is certified to be complete.
3. As the incentivized improvement to the property being encouraged by this program may cause an increase in the real property tax assessment performed by the State of Maryland Department of Assessment and Taxation, the City shall offer a Freeze Incentive (FI) to address this issue.

a. The property tax assessment of the applicable property will be noted upon its entry into the PIIP prior to any improvement being made.

b. Should the property tax assessment increase on the subject property within a five (5) year period beginning the year after the improvement is certified to be complete, a calculation will be made to determine the difference between the initial tax assessment and the new tax assessment. This assessment difference will be multiplied by the City’s real property tax rate in effect at the time of the increase in assessment using the customary formula to calculate real property tax due. This resulting amount will be refunded to the property owner each year for a period of five (5) years after the implementation of the new assessment.

i. The FI does not apply to the County and State real property tax amount.

ii. The FI shall address only the increase in assessment amount and shall not be affected or address any increase in the property tax rate.

iii. If a property’s tax assessment shall decrease the FI outlined in this section shall not apply.

C. Conversion of Residential Property to Non-Residential Property

1. A property owner who converts residential property, either owner occupied or residential rental property, located in the DRZ, to a business or commercial nature shall be eligible for incentives contained in this Subsection for the improvements made to the principal structure to accomplish this conversion.

a. Acquisition costs shall not be eligible for inclusion in the CIE made by the property owner.

b. If all of the property is not converted from residential to a business or commercial use, only such expense related to the improvement and conversion of the property for the business or commercial use shall be eligible for inclusion in the CIE.

2. The amount of the incentive a property owner is entitled to receive shall be based on the amount of the Certified Investment Expenditure (CIE) made by the property owner on the eligible improvement.
a. A CIE of at least $35,000.00 and not more than $74,999.00 shall entitle the property owner to receive the sum of $750.00 per year from the City for a period of five (5) years beginning the year after the improvement is certified to be complete.

b. A CIE of at least $75,000.00 and not more than $149,999.00 shall entitle the property owner to receive the sum of $1,500.00 per year from the City for a period of five (5) years beginning the year after the improvement is certified to be complete.

c. A CIE of at least $150,000.00 or more shall entitle the property owner to receive the sum of $3,000.00 per year from the City for a period of five (5) years beginning the year after the improvement is certified to be complete.

3. As the incentivized improvement to the property being encouraged by this program may cause an increase in the real property tax assessment performed by the State of Maryland Department of Assessment and Taxation, the City shall offer a Freeze Incentive (FI) to address this issue.

a. The property tax assessment of the applicable property will be noted upon its entry into the PIIP prior to any improvement being made.

b. Should the property tax assessment increase on the subject property within a five (5) year period beginning the year after the improvement is certified to be complete, a calculation will be made to determine the difference between the initial tax assessment and the new tax assessment. This assessment difference will be multiplied by the City’s real property tax rate in effect at the time of the increase in assessment using the customary formula to calculate real property tax due. This resulting amount will be refunded to the property owner each year for a period of five (5) years after the implementation of the new assessment.

i. The FI does not apply to the County and State real property tax amount.

ii. The FI shall address only the increase in assessment amount and shall not be affected or address any increase in the property tax rate.

iii. If a property’s tax assessment shall decrease the FI outlined in this section shall not apply.

Section 4. Employment Incentive

The City of Taneytown shall offer the payment of a cash incentive to the owner of any business operation located in the DRZ for the creation of new employment opportunities. The eligibility and amount of the incentives are described in this Section. These incentives will be made
pursuant to the terms, conditions and guidelines of the Jobs Incentive Program (JIP), which shall be developed by the City Staff by December 31, 2011.

A. Incentive Criteria

In addition to any criteria and guidelines created in the JIP, the following shall apply:

1. An employment opportunity shall be considered for the hiring of a full time employee, whose weekly work hours exceed 32 hours per week.
2. The employee must be based at the business location in the DRZ.
3. A business owner/operation is not eligible to be considered as an employee under this program.
4. Employees related to the operation, maintenance, administration and all other areas related to residential real property shall not be eligible for the incentives contained in this Section.

B. Incentive Amount

1. The cash incentive shall be a one-time payment of $250.00 to the business owner for each employee hired under the terms and conditions of the JIP.
2. The cash incentive is not payable until after the employee hired under the JIP has been employed and worked pursuant to the terms of the JIP for a period exceeding six (6) months from the date of employment.

Section 5. Benefit Assessment Fee Financing Program

The City recognizes that a major barrier to the redevelopment and expansion of business properties in the DRZ is that certain intended business and commercial uses may require additional water and sewer service capacity. The overall capacity of the City water and sewer system was created by infrastructure improvements funded by the City’s water and sewer rate payers. Thus when capacity is allocated to new or expanded users, the pro rata cost of the infrastructure improvement made by the rate payers in creating this capacity is recaptured in the form of a benefit assessment fee.

Capacity is measured by estimating gallons per day water consumption that a proposed use is likely to need. The minimum amount which can be allocated to the least intensive uses is 250 gallons per day, which is equal to one (1) equivalent dwelling unit (EDU).

The current benefit assessment fee is $12,900.00 per EDU ($5,110.00 for the water capacity and $7,790.00 for the sewer capacity). This fee is required to be paid in full at the time a building permit is issued for the improvements to be made on the property or the Use and Occupancy permit is issued for any expanded use of the property.

In order to minimize the impact that the “up-front” payment of this fee has on stifling the redevelopment and expansion of business uses in the DRZ, by December 31, 2011, the City Staff shall develop a Benefit Assessment Fee Financing Program (BAFFP) outlining the terms,
conditions and guidelines necessary to allow the financing of these fees over a period of ten (10) years, including the application of a financing charge, interest rate and measures to ensure that payment of these fees are collected as liens against the property in the event they are not paid.

A. Criteria

In addition to the specific criteria, policies and guidelines created by the BAFFP the following shall apply:

1. The City’s General Fund shall purchase from the Enterprise Fund a total of ten (10) EDUs to begin this program. The City shall then allocate by its customary Water Allocation Resolution these 10 EDUs to the DRZ BAFFP to be used solely for this the BAFFP program and the business/commercial use expansion in the DRZ.

2. If additional EDUs are needed the City Council shall pass additional legislation to amend this amount and purchase additional EDUs pursuant to the terms outlined above.

3. Any unused EDUs allocated to the BAFFP at the end of five (5) years from the effective date of this Ordinance shall be returned to the general capacity of the system eligible for allocation pursuant to general City guidelines. In that event the Enterprise Fund shall refund the corresponding amount of the benefit assessment fee paid for these EDUs to the City’s general fund.

4. The property owner shall be the responsible party to request the allocation of the EDU under the DRZ BAFFP and shall also be the responsible party for payment of the Benefit Assessment Fee under this program. A lien shall be placed on the property in the event of non-payment.

5. Details regarding the recapture of EDUs allocated shall be addressed in the BAFFP.

6. Only business and commercial properties, or those converted to business and commercial properties pursuant to this Ordinance shall be eligible for participation in the BAFFP.

Section 6. Fast Track Regulatory Review

The City recognizes that uncertainty due to delay of government regulatory review inhibits many revitalization opportunities in the DRZ. However the City also recognizes the purpose of this governmental regulatory review is to protect the interest of the citizens of Taneytown and is vital to achieving that goal. Thus, in order to expedite the review of projects proposed in the DRZ the City will institute the Fast Track Regulatory Review Process outlined in this Section.

A. For all projects in the DRZ which are submitted pursuant to the terms of this Ordinance, a desktop review will be performed by the Zoning Administrator to determine if any further action is necessary by the Taneytown Planning Commission or Taneytown Board of Zoning Appeals. If no further action is necessary under the terms of the Code of the City of Taneytown then a zoning certificate will be issued pursuant to the terms of the Code of the City of Taneytown.
B. If a determination is made that further review is necessary by the Taneytown Planning Commission and the proposed project is eligible for a waiver of the review process by the Taneytown Planning Commission, a special meeting shall be called by the Chairman of the Taneytown Planning Commission at the earliest date available at which a quorum of the Planning Commission can be present for the sole purpose of hearing a presentation on the project and making a determination of whether a waiver shall be granted under the terms of the Code of the City of Taneytown.

1. If such a Special Meeting is held, it shall be advertised in the customary manner to be compliant with the terms of the Maryland Open Meetings Act; and
2. Specific notice of the meeting and its purpose shall be given to all properties adjoining the proposed project area to inform those owners of the meeting’s date and time and its purpose so as to give them an opportunity to be heard on the matter.

C. If a determination is made that the project is not eligible for a waiver from review by the Taneytown Planning Commission or that the project requires the action and approval of the Taneytown Board of Zoning Appeals, then the applicant will be advised of this fact and the project shall be scheduled before the necessary review body pursuant to the customary process.

Sections 7. Definitions and Procedures

The Mayor and City Council hereby delegate the authority to the City Manager to create and adopt all the definitions, procedures, forms and processes necessary to implement this Ordinance. These items shall be in place by December 31, 2011.

Section 8. Miscellaneous Provisions

A. Effective Date. The provisions of this Ordinance shall become effective January 1, 2012. The incentive programs therein shall operate on a fiscal year basis beginning July 1, 2012.

B. Sunset Provision. No application for any incentives or benefits contained in the Ordinance will be accepted after December 31, 2016. The provisions of this Ordinance, except as related to those properties already in a program outlined by this Ordinance taking advantage of the incentives relating to multi-year payments, shall expire on December 31, 2016.

C. Transfer of Property. The transfer of any real property which is receiving an incentive under this program shall terminate the eligibility of the property to remaining in the incentive program and forfeit any future incentive payments that may be due as a part of this incentive program outlined in this Ordinance.
D. **Application.** To be eligible to participate in any of the incentive programs contained in this Ordinance, the property owner or business owner, as appropriate, must complete the necessary application process prior to the expenditure of any funds to be applied to the CIE or JIP. No funds expended prior to a completed and approved application will be eligible in the appropriate calculations.

E. **Other Violations.** Any property which is in violation of any other provision of the City Code, in arrears in its payment of its water and sewer utility bill, or its real property tax bill shall not be eligible for participation in the incentive programs contained in this Ordinance until such violations or arrearages are addressed. In the event that such violation or arrearages occur after the property is receiving the incentive in the program, it shall become ineligible to continue to receive such incentives.

F. **Publication and Advertisement.** The City Manager shall take steps to advertise the existence of the incentive programs to the eligible property owners by any means deemed appropriate, including but not limited to advertisement in the local newspaper, newsletter, and direct mail. A user-friendly version of the incentives contained in this Ordinance shall also be posted on the City of Taneytown website.

**Section 9. Severability**

The provision of this Ordinance are severable, and if any provision, sentence, phrase, clause, section or part of this Ordinance shall be held or deemed to be illegal, invalid, inoperative, or unenforceable, the same shall not affect or impair any other provision, sentence, phrase, clause, section or part of this Ordinance. It is hereby declared to be the legislative intent that this Ordinance would have been adopted if such illegal, invalid or unconstitutional provisions, sentence, phrase, clause, section or part had not been included herein.

**Section 10. Codification**

This Ordinance shall not be codified into the Code of the City of Taneytown.

INTRODUCED BEFORE THE CITY COUNCIL THIS 14th DAY OF November, 2011.

Linda Quinn, City Clerk

PASSED BY THE CITY COUNCIL THIS 12th DAY OF December, 2011

Linda Quinn, City Clerk

APPROVED THIS 12th DAY OF December, 2011.