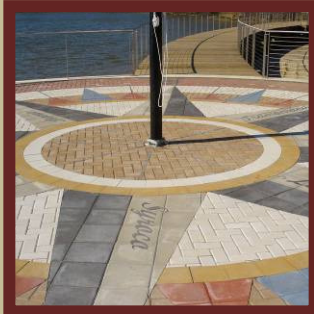


Evaluating the Impacts of the Community Legacy and Neighborhood BusinessWorks Programs

A Review of Twelve Selected Communities



National Center for Smart Growth Research and Education
March 2008

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National Center for Smart Growth Research and Education
University of Maryland on behalf of the
Maryland Department of Housing and Community Development
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I. INTRODUCTION

The Community Legacy program was established in 2001 through a bill introduced by the administration of former Maryland Governor Parris N. Glendening as part of the larger Smart Growth and Neighborhood Conservation Initiative. The Community Legacy Program and its companion effort, the Neighborhood BusinessWorks program, were specifically created to direct state resources to existing community-scale neighborhoods as part of the state's broader effort to reverse a decades-long trend of urban disinvestment and abandonment. Considered somewhat unorthodox when they were started, these programs have since become readily accepted by local governments as mainstays of their revitalization strategies.

Codified under the Housing and Community Development Article § 6-201-213 (formerly Article 83B § 4-801(a)), Community Legacy program is established under the Neighborhood Revitalization Division of the Department of Housing and Community Development.

Statutorily¹, the purposes of the program are to:

- (1) preserve existing communities as desirable places to live and conduct business to reduce outward pressure for sprawl development; and
- (2) provide financial assistance to sponsors or their designees to develop community legacy plans or community legacy projects.

The program was designed to provide funding to local governments and community development organizations for community revitalization in geographically designated Community Legacy Areas. Community strengthening activities targeted include business retention strategies, homeownership programs, and commercial revitalization. The program is targeted at "at-risk" transitional neighborhoods and downtowns rather than stable or blighted neighborhoods. The program was designed to be flexible, with fewer requirements for applying and fewer stipulations on how the funding is used. It was intended to fill the gaps in revitalization or rehabilitation projects that were not otherwise covered by more categorical programs. The funding is used for operating and capital purposes and is offered as loans, grants, or loan/grant combinations. Community Legacy areas may not be designated without the community first developing a multi-year revitalization strategy. Community Legacy applications are then reviewed, site visits made and the applications ranked by an inter-agency team from DHCD, the Department of Natural Resources, Department of Planning, Department of Transportation and/or other state agencies.

Initially, there were 52 Community Legacy areas, but as of 2008, there are 89. Over the life of the program, \$42 million has been awarded to 390 projects. Over time, the average number of projects has fluctuated from a high of 82 in FY 2002 to a low of 42 in FY 2003. While the program was funded at \$10 million in FY 2002, by FY 2007 state budget deficits decreased funding to \$6.5 million. The smallest amount appropriated for Community Legacy in a single year was \$5 million in FY 2006.

The Neighborhood BusinessWorks loan program began in FY 1996 as the Neighborhood Business Development Program. Like Community Legacy, Neighborhood BusinessWorks is operated

¹ Maryland Code Annotated, Housing and Community Development Article § 6-202.

through the Division of Revitalization in the Department of Housing and Community Development. The program provides gap financing to small businesses, local development corporations, and nonprofit organizations. Funding is only available for projects related to commercial revitalization efforts in designated neighborhood revitalization areas.

Statutorily,² the purposes of the program are to:

- (1) help develop, redevelop, or expand small businesses and micro-enterprises;
- (2) stimulate investment by the private sector;
- (3) invest in revitalization projects for small businesses and micro-enterprises; and,
- (4) stimulate political subdivisions to participate in developing and expanding small businesses and micro-enterprises.

² Maryland Code Annotated, Housing and Community Development Article § 6-303.

II. STUDY APPROACH

The National Center for Smart Growth Research and Education at the University of Maryland (NCSG), working with the Division of Neighborhood Revitalization at the Department of Housing and Community Development (DHCD), has conducted an analysis of randomly selected Community Legacy investments from the period 2002 to 2005. The analysis was not intended to be an audit of the chosen projects and Community Legacy investments, but rather an opportunity to assess the impact and effectiveness of the Community Legacy program and the value of its awards to communities undergoing revitalization.

DHCD randomly selected 11 of the 12 communities that provided the focus of this study. After dividing the state into six regions (Eastern Shore, Western Maryland, Central Maryland, Southern Maryland, Baltimore City, and Suburban Washington), DHCD randomly selected



In January 2008, these two historic buildings in downtown Cambridge were gutted by a fire. Renovation of the buildings is subject to pending Community Legacy requests.

from each region two Community Legacy areas that received funding at least three times in the first four years of the program (2002 through 2005). In the Southern Maryland region, only one Community Legacy area met these criteria, so the City of Leonardtown, which had received Community Legacy funding for only one fiscal year between 2002 and 2005, was added to the analysis. Doing so ensured there were two communities subject to the study from the Southern Maryland region. (Since 2005, Leonardtown has received at least two additional Community Legacy grants.) In total, these 12 communities represent 14% of the 89 Community Legacy areas designated across the state in 2007.

The 12 communities reviewed included:

- Western Maryland: Hagerstown and Westminster
- Central Maryland: Havre de Grace and Bel Air
- Suburban Washington: College Park and Gateway Arts District/Mount Rainier
- Eastern Shore: Cambridge and Salisbury
- Baltimore City: Southwest (Bon Secours) and Southeast (Highlandtown and Patterson Park)
- Southern Maryland: Lexington Park and Leonardtown

Under limiting time constraints, the NCSG effort consisted primarily of conducting site visits to each of the Community Legacy areas and interviews with the administrators of the grants and loans received in each area. Oftentimes, these interviews included representatives from Community Legacy or Neighborhood BusinessWorks award recipients as well as community non-profits involved with the local revitalization effort. In some cases, it also involved interviews with local elected officials. In little over a week, the NCSG team interviewed 31 people integral to carrying out

revitalization projects in a dozen Community Legacy areas across the state. The team also met with members of DHCD's staff, including Assistant Secretary and Neighborhood Revitalization Director Carol A. Gilbert and Community Legacy Director Kevin Baynes, to better understand the programs from their perspective.

In cooperation with DHCD, the NCSG team developed an interview instrument that served to guide and facilitate the discussions in each community. The goal of each interview was to investigate the performance and value of Community Legacy and Neighborhood BusinessWorks investments. As such, the NCSG team sought to explore the following concepts:

- Have the Community Legacy and Neighborhood BusinessWorks investments produced the outcomes expected by both the applicant and DHCD when the grants and/or loans were awarded?
- Have the investments resulted in quantitative and qualitative community revitalization? Can recipients directly or indirectly link the receipt of these state investments with changes such as a reduction in vacancy rates, increases in job opportunities, increases in street activities or other forms of civic engagement, increases in neighborhood income, reductions in neighborhood crime, increases in real estate values, etc.?
- What impediments, if any, did recipient communities face as they attempted to use the state grants and loans?
- From an administrative standpoint, how well do the Community Legacy and Neighborhood BusinessWorks programs function? Are the application and reporting processes any more or less burdensome than other grant programs?
- How vital were the Community Legacy and Neighborhood BusinessWorks investments to the success of the project and the larger revitalization effort? From a financial perspective, was the type and amount of the award appropriate and sufficient?
- What lessons can be learned from the experiences in each community that could improve the Community Legacy and Neighborhood BusinessWorks programs in the future?

The department's purpose in commissioning this report was to document to the extent possible the tangible direct and indirect impacts of state investments through these two programs. In many cases, this was easy to do: if funds were given to a community to demolish a derelict building, it was pretty simple to see if the building was, in fact, razed. But other more indirect impacts – on commercial vacancy rates, real estate values, reductions in crime, or the willingness of businesses to invest in a community or of citizens to engage in new civic activities – are more difficult and, in some cases, impossible to measure. Often these statistics are not kept, or are kept in a way that is not useful for this purpose. Moreover, the changes that result from investments such as these unfold only gradually over time. A site visit can give you a snapshot, but not necessarily the community's long-term trajectory. And, even if you can quantify such changes, it is often difficult to link those impacts directly to a single policy or investment. To its credit, DHCD has already expressed its intention to create a more extensive, objective and standardized method of measuring the impact of these programs over time.

What follows is a review of the NCSG team's observations and findings from the site visits and interviews, including general impressions of the Community Legacy and Neighborhood BusinessWorks programs, other programs used in conjunction with Community Legacy funding, and common obstacles encountered with the programs.

III. COMMUNITY PROFILES

BEL AIR

Background. The “Heart of Harford,” Bel Air is the county seat of Harford County. Population in the town is roughly 10,000 and population in the Greater Bel Air area is near 60,000. Despite being the county seat and the home to much of the cultural activity in the area, until recently there has not been a community center or activity center in the area for many years. And, like many small downtowns, downtown Bel Air has been strained by the re-centering of economic activity along auto-oriented corridors and the out-migration of downtown businesses.

The Town of Bel Air, which is one of the state’s 18 designated Main Street communities, received four Community Legacy Grants from FY 2003 to FY 2007 and the Bel Air Alliance received a Neighborhood BusinessWorks grant in FY 2005. In FY 2003, Bel Air received a \$30,000 grant to commission a marketing and advertising strategy. In FY 2004, the town received \$227,450 for Phase I and in FY 2006, received \$219,000 for Phase II of the Reckord Armory renovation. During Phases I and II, commissioning engineers prepared drawings and specifications, the city completed necessary electrical and mechanical work, updated safety, renovated restrooms, installed a new boiler, renovated the kitchen, created offices and a visitors center, and completed acoustic work. In FY 2007, the town received \$100,000 to install an air conditioning system in the main gym. The Bel Air Alliance received a Neighborhood BusinessWorks grant in FY 2005 for commercial façade improvements for \$150,000.

Impacts. Community Legacy and Neighborhood BusinessWorks projects in Bel Air have yielded both direct and indirect impacts to the community. Town officials note that the marketing study was critical to success of later revitalization efforts. Over three phases, the Armory was renovated. Use of the Armory began long before all renovations were complete as the town was eager to use the building. As a result of Community Legacy funding to renovate the Armory, Bel Air now has a functioning community center that draws people to programs and events. Because the community was able to re-use an existing building sentimental to many members of the community, the impact was heightened. The infusion of nearly \$500,000 in state Community Legacy funds was critical to the success of this project, according to town officials. Neighborhood BusinessWorks funding contributed to overall downtown revitalization effort by improving business façades. These projects have indirectly impacted the community by serving as a catalyst for new private retail stores to open downtown near the Armory. According to town officials, the benefits reaped in this project far exceeded expectations.

Community Legacy program. After using Community Legacy funding for a market study in 2002, Bel Air has used Community Legacy money primarily for renovating the Reckord Armory in downtown. The Bel Air Alliance has used façade improvement funding through Neighborhood BusinessWorks for a number of commercial façades in downtown Bel Air.

After receiving Main Street status in 2001, Bel Air began the process of planning to build an indoor/outdoor center for the Farmer’s Market on a parking lot downtown. In 2003, the town applied for Community Legacy funds to fund this community center. By the time Bel Air received Community Legacy funding in 2004, prices for building materials had doubled, and the State of Maryland displayed interest in offering a 20,000 square foot building to the Town to manage – the

Reckord Armory. Though the Armory had been occupied by the National Guard for 40 years, from the early 1900s to the 1960s, it served as a community center for Bel Air. Given the opportunity to refurbish the Armory, Bel Air was able to revitalize the community by re-using a historical building, important to the fabric of the community.

The renovation of the Armory has provided the community the cultural center it lacked. The town also opened a Visitor's Center in the Armory. The project has gathered much community involvement and praise. Near the Armory, new retail shops have opened up, spreading downtown commercial activity to a previously quiet end of town.

Community Legacy funding was critical to the success of the project, as town employees claim it could not have happened otherwise. The project also received funding from the Main Street program, Neighborhood BusinessWorks, Community Block Development Grant, town funding, and donations from Greater Bel Air Foundation. The State Highway Administration is currently providing streetscaping downtown through the Neighborhood Conservation Program.



The interior of Bel Air's Reckord Armory, which was renovated with funds received through the Community Legacy program. The Armory has become a cultural center for the community. *Photo courtesy Town of Bel Air.*

Bel Air is currently working to complete the last portion of the interior refurbishment on the Armory. While there is still work they'd like to do on the inside of the Armory, they also hope to work on the outside of the Armory to provide an outdoor space for the community.

Neighborhood BusinessWorks. Since its inception in 1996, the Neighborhood BusinessWorks program has issued \$650,000 in loans to three businesses in Bel Air for expansion and renovation projects. Three additional grants, totaling \$175,000, have funded façade improvements downtown. The table below highlights the Neighborhood BusinessWorks awards received within Bel Air.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1997	Mill at Bel Air	Expansion of business by acquisition of contiguous property and renovation of existing retail facility.	Loan	\$360,000
FY 1997	Fine Grind	Renovation, equipment purchase, and start-up costs for a coffeehouse modeled after Starbucks and similar companies.	Loan	\$40,000
FY 2002	Bel Air Façade Improvement	These façade improvements were part of a key strategy for the Main Street Maryland Program in the historic district of downtown Bel Air.	Grant	\$75,000

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 2003	Smile Makers	Acquisition and renovation of a vacant, 3,907 square foot building and partial funding of equipment for a new dental practice.	Loan	\$250,000
FY 2005	Commercial Façade Improvement	Commercial façade improvement.	Grant	\$25,000
FY 2007	Downtown Bel Air Façade Improvement Program	Modification to earlier grant to request additional funds and a three year extension for commercial façade improvement.	Grant	\$75,000
TOTAL				\$825,000

Source: Department of Housing and Community Development

CAMBRIDGE

Background. Cambridge, the county seat of Dorchester County, has a population of approximately 12,000. Located on the Choptank River just west of U.S. Route 50, the city features the state's second deepest port (after Baltimore) and for years enjoyed an active waterfront and served as a center for Eastern Shore seafood packing. Over the past four or five decades, however, the city has suffered from disinvestment, in part due to the decline of the seafood industry and the residual effects of racial strife in the 1960s. An estimated half of the city's current population is now low income. In many ways, the plight of Cambridge has been similar to that of Baltimore, but on a much smaller scale. For example, department stores that once dotted the downtown left, wages dropped, and job opportunities disappeared.

In recent years, however, the city has begun to rebound, sparked in part by the construction of the new Hyatt Hotel resort across Route 50 from Cambridge. This revitalization has centered on the city's waterfront and its older downtown area, which has begun to come back in recent years. Progress there, however, was dampened by a fire in January 2008 that gutted two historic buildings in the downtown.

The City of Cambridge, another designated Main Street community, received four Community Legacy grants and loans at least one Neighborhood BusinessWorks loan during the study period. The first grant for \$53,100 was for pedestrian lighting, tourist signage, kiosks and trash receptacles as part of a streetscape improvement program along six blocks of downtown. The second, a \$100,000 loan (\$90,000 of which was to be forgiven), was for façade improvements and building rehabilitation within the Community Legacy area. The third grant for \$22,975 was used to provide physical improvements to a public parking lot and build a small pedestrian mall, with shade trees, landscaping and an ornamental clock, to connect the parking lot to Race Street. The fourth grant, for \$19,500, was to conduct a study of the feasibility of building a new City Market somewhere in the downtown area. The BusinessWorks loan allowed the purchaser of an abandoned downtown building to convert the ground floor into a deli and coffee shop and the second floor into the owner's private living quarters.

Impacts. The impacts of these grants and loans, as well as that of allied efforts such as the Main Street Program, are obvious. The pedestrian mall has been completed and provides an attractive walkway to the parking lot behind main street stores. Some façade improvements, including the addition of a large awning in front of a downtown bookstore, have been completed or are underway. The pedestrian lighting, signs, trash receptacles and other streetscape improvements have also brightened the downtown. As a result of all of this work, city officials as well as the recipient of the Neighborhood BusinessWorks loan say vacant buildings have recently been filled; street traffic has increased; and investments in downtown are up. These changes have made the downtown an attractive place to visit for tourists staying at the new Hyatt Hotel across Route 50 from the older part of Cambridge. The feasibility study for construction of a new City Market has been completed, but city officials will not move forward with the project until they identify a location that is acceptable to the community. Excitement about the improvements to the downtown is now spilling over to other projects, such as a proposed facelift for the Harriet Tubman Education Center downtown and the rehabilitation of the second floors of storefronts into loft apartments.

Community Legacy program. The Community Legacy program is a central element of Cambridge's revitalization program, accounting for an estimated half of the money the city spends on revitalization efforts. Cambridge used the first of four Community Legacy grants to develop an

overall revitalization plan. Subsequent awards have been for façade and building rehabilitation, development of a parking lot and pedestrian mall, and a study to determine the feasibility of building a new “City Market.”

A weekday walk through the old downtown reveals a variety of new shops and restaurants that the city planner believes are the result not only of the Community Legacy programs, but allied programs, such as the city’s Main Street program. Also visible are a number of renovation and rehabilitation projects that are underway. A Cambridge resident who used a state Neighborhood BusinessWorks loan to convert an empty building in the center of downtown into a coffee shop and deli (with an upstairs apartment) said that in the past five years, a number of new businesses have opened downtown and that the streets have been “beautified” with new lights and brick sidewalks and curbs. Pedestrian street traffic has also increased. She attributed this to state intervention with Community Legacy and Neighborhood BusinessWorks as well as the Main Street Program, Historic Preservation Tax Credits, and other state programs.

Community Legacy funds have also been used to develop plans for construction of a new City Market, but a location for the new market has yet to be identified and funding for the construction has not yet been secured.

Based on comments made during a visit by Governor O’Malley to the site of the January fire, the city now hopes that a pending \$200,000 Community Legacy application will be approved to help renovate and restore the two burned out historic buildings.

Neighborhood BusinessWorks. Five Neighborhood BusinessWorks loans, totaling \$1,514,000, were provided to businesses in Cambridge between FY 1996 and FY 2003. As shown in the table below, these loans supported the acquisition and rehab of buildings for four different businesses. In 2007, two grants, totaling \$125,000 were provided for downtown façade improvements and the renovation of an historic commercial property.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1996	New Cambridge Lanes	Acquisition and rehab of bowling alley.	Loan	\$445,000
FY 1998	New Cambridge Lanes Modification	Increased original loan amount and changed terms for acquisition and rehab of bowling alley.	Loan	\$50,000
FY 1999	Craig’s Drug Store	Acquisition and renovation of a vacant 80-year-old building in order to relocate and expand pharmacy. Second floor is leased office space.	Loan	\$500,000
FY 2000	Rolston’s Chesapeake Grille	Acquisition and rehab of former Nathan’s Furniture Store building for restaurant/banquet facility/ice cream and candy store.	Loan	\$384,000
FY 2003	A Few of My Favorite Things	Acquisition and renovation of a vacant, two-story commercial building, located in a key location of the downtown business district.	Loan	\$135,000

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 2007	Cambridge Downtown Façade Improvement	Façade improvements to Main Street.	Grant	\$25,000
FY 2007	Main Street Gallery	Renovation and restoration of the historic commercial property located at the rear of 450 Race Street so that it will be a suitable space in which to open and operate the Main Street Gallery.	Grant	\$100,000
TOTAL				\$1,639,000

Source: Department of Housing and Community Development

COLLEGE PARK

Background. While best known as home to the flagship campus of the University of Maryland, the City of College Park consists of 12 distinct residential neighborhoods, which straddle a commercial corridor along U.S. Route 1. The city's Community Legacy Area extends along Route 1 from the Capital Beltway south to Guilford Drive in downtown College Park. Revitalization projects in the area have focused on reducing blight along the heavily traveled Route 1, but have also included measures to improve walkability and pedestrian safety, increase the mixture of land uses, and generally enhance the aesthetic appeal of the city.

Since the program's inception in 2002, the City of College Park has received six loans and one grant through Community Legacy totaling \$1,140,000. In the first year, the city received a \$425,000 loan for the acquisition and demolition of three adjacent lots in the 8800 block of Route 1, for the eventual construction of an extended stay hotel. In FY 2004, the city received two loans. The first, for \$210,000, was for the installation of streetlights downtown along Route 1. The second, for \$40,000, helped fund the creation and installation of wayfinding signage near the city's Metro station. A \$15,000 grant provided to College Park in 2005 helped fund a consultant to develop form-based code for the hotel site. That same year, the city was loaned \$150,000 to offset the cost of acquiring three lots downtown for the construction of a public parking garage. In fiscal years 2006 and 2007 the city received two additional \$150,000 loans, which it has used to continue to cover the cost of acquiring land for the parking garage.

Impacts. Revitalization of College Park has been relatively slow to take hold, however there are numerous signs of renewal throughout College Park in the form of plans for new mixed use development projects. Although none of these can be directly attributed as resulting from a project funded by the Community Legacy program, they demonstrate the city's commitment to building thriving communities along Route 1. Of the four major projects funded through Community Legacy since 2002, only two have been completed. As a result, the impacts of Community Legacy funding are not as far reaching as they may be once more projects are completed. The installation of 31 new ornamental streetlamps (25 of which were directly paid for with Community Legacy funding) has not only improved pedestrian lighting in downtown College Park, but has also helped to beautify and bring streetscaping continuity to the neighborhood. The lights have also helped create a safer environment for pedestrians at night and city planners believe the lights have indirectly helped to reduce crime in the community. The Wayfinding Signage project resulted in the installation of 23 pedestrian directional signs, four large directory maps, and two large interpretive signs, all located throughout the downtown/Metro area. Collectively, these signs facilitate tourist access to various points of interest and the city's economic centers. They also help provide a sense of place and beautify the neighborhood. The two other major projects – the extended stay hotel and public parking garage – have not yet had significant direct impacts on the community as neither has been redeveloped at this point. Ultimately, city planners believe that these projects have contributed to the general atmosphere of revitalization and will help stimulate additional investment in College Park.

Community Legacy program. Unlike the other Community Legacy Areas reviewed in this study, funding for the City of College Park Community Legacy Area has primarily been in the form of loans rather than grants. Although city officials would prefer grants, they have oftentimes been encouraged to apply for loans and have done so thinking it might improve the city's chances for funding.

From FY 2002 through FY 2007, the vast majority (77%) of College Park's Community Legacy funding has been targeted for property acquisition. A loan for the Starlight/Lee Redevelopment Project was used to obtain and demolish three adjoining properties along U.S. Route 1 – the properties will be sold to a developer to build an extended stay hotel. The city also received three loans, which collectively covered about a quarter of the expense of acquiring three parcels of land in downtown College Park to construct a public parking garage with commercial space on the first floor.

Additional Community Legacy funding has included loans supporting efforts to add streetlights along Route 1 in downtown College Park and the installation of directional signage to navigate pedestrians from the College Park Metro Station to downtown and the College Park Aviation Museum. The only Community Legacy grant the city has received was intended to be used to conduct planning charrettes for areas along Route 1, however the city was unable to generate enough funding to do a full-blown series of charrettes. Instead, the city used the grant to contract with a consultant to develop form-based code for the Starlight/Lee Redevelopment Project site.

As a whole, the Community Legacy grant and loans have been integral to the city's revitalization efforts. Although none of its requests have been fully funded, the city has been able to move forward with each project as planned (with the exception of the Route 1 series of charrettes) with funding from other sources, including the city's Community Development Block Grant, bond bills, Small Cities funding and its own coffers.

In the case of the Starlight/Lee property, without the Community Legacy loan, the properties would likely have gone on the open market, which would have made the purchase and assembly of the parcels much more difficult. While the loan for this was helpful, if the city had received a grant as requested, the proceeds from the sale of the property to a developer could have been used to create a fund for future revitalization efforts, as opposed to paying off the loan.

GATEWAY ARTS DISTRICT/MOUNT RAINIER

Background: The Gateway Arts District Community Legacy Area includes the municipal boundaries of Mount Rainier, Brentwood, and North Brentwood, as well as the commercial corridor along U.S. Route 1 in Hyattsville. By the late 1990s, the once thriving corridor was full of blight and generally in disrepair, with vacant, boarded-up buildings and high levels of illegal street activity. Area residents believed, however, that the image presented along Route 1 belied the reality of the nice residential communities one block off the main roadway.

A historically African-American majority community, the corridor had also naturally attracted a significant artist population due to the availability of cheaper housing and the location of fabricators nearby on Kenilworth Avenue. Community residents formed the Gateway Community Development Corporation (CDC), which along with municipal leaders decided to build the area's revitalization effort around the community's unique assets. Initially focused on providing housing and workspace for local artists, the effort has also involved streetscape improvements, new commercial development, and investments in public safety.

Collectively, the Gateway CDC and the City of Mount Rainier received 12 Community Legacy awards between FY 2002 and FY 2007, totaling \$1,018,271. In 2002, the CDC received a \$10,000 grant for a feasibility study for a project to acquire and convert an underutilized warehouse in Brentwood to a community arts center with a visual arts gallery and studio space for artists. The vast majority of a \$200,000 grant originally intended to fund the initial planning and design of a new library in Mount Rainier was reallocated to assist with the purchase of the warehouse in Brentwood. The CDC also received a \$30,000 grant in 2002 for operating support and two additional operating grants totaling \$50,000 in FY 2003. In 2004 the CDC secured an additional \$185,000, which helped further support the purchase of the Brentwood warehouse. Of this, \$154,635 was in the form of a grant and the remainder a loan. A \$150,000 award in FY 2005 included a \$130,000 grant and a \$20,000 loan and supported the renovation of a building in Mount Rainier to serve as a multicultural arts education center.

The City of Mount Rainier received two grants during the study period, both in FY 2005. The first was a \$17,950 grant that supported the renovation of a property into a multi-use community center. The second, in the amount of \$55,321 was for streetscape improvements along several blocks of 34th Street.

Impacts. The impacts of the Community Legacy investments have been far-reaching. According to the CDC, home values in the area have begun to increase after remaining stagnant throughout the 1990s. Increased home values mean a higher local tax base and greater wealth for homeowners. On the commercial side, there have been some struggles to move things forward as speculating landowners have held on to properties in anticipation of better deals. Nevertheless, the Community Legacy funding has spurred investment throughout the Gateway Arts District. While much of this investment has been focused on the arts and on residential development, mixed-use and other commercial investments have helped establish new businesses (like the Artmosphere Café in the heart of Mount Rainier) or encouraged participation in façade improvement programs. These investments have contributed to a new-found sense of community pride that has led to an estimated 450 area residents participating in sector plan workshops, feasibility studies, focus groups, and charrettes. And, finally, there has been some improvement on the crime front. Drug dealing is not as prevalent in the main corridor as it once was, although community residents acknowledge that there is still more work to be done with regard to crime. This is an ongoing struggle linked in large part to Mount Rainier's adjacency to the District of Columbia.

Also important to note is the impact of Community Legacy's operating support for the CDC. These funds have helped sustain the Gateway CDC's revitalization activities throughout the Gateway Arts District. Over the last few years, the CDC and its partners have been involved with at least 19 different revitalization projects along the Route 1 corridor from Mount Rainier to Hyattsville. These projects will have produced approximately 150 affordable housing units geared toward artists, over 45,000 square feet of new commercial space, an African American museum and cultural center, and at least 500 market rate townhomes and condominiums.

More directly, Community Legacy funding helped make the relocation of Joe's Movement Emporium financially viable, establishing it as a major regional attraction within the community. The dance instruction studio and arts center provides culturally diverse enrichment programs, classes and activities – dance, yoga, music, and more – for children and adults alike. Also, the Community



Joe's Movement Emporium, a regional center for arts education and training for people of all ages located in Mount Rainier, received funding through both the Community Legacy and Neighborhood BusinessWorks programs.

Legacy funded 15,000 square foot Brentwood Arts Center will bring an art gallery and classroom space to the community in addition to studios for 15 to 20 local artists. Finally, Community Legacy funding also helped create a sense of place and beautify the heart of Mount Rainier with streetscaping improvements that included the installation of five colonial style lamps on the plaza and a traffic calming circle (with artwork) on busy Rhode Island Avenue in front of City Hall.

Community Legacy program. The Gateway CDC has used Community Legacy funding throughout the Gateway Arts District to both stimulate additional investment and to fill the gaps where other programs cannot provide funding. The grants and loans received from DHCD through the Community Legacy program have been integral to the success of the revitalization efforts in the Gateway Arts District, as CDC Executive Director Nick Francis indicated that many of the projects in the District would not be happening without the DHCD funding.

Of great value to the CDC has been the Community Legacy program's flexibility. For example, one of the original Community Legacy awards provided to the CDC was intended to cover the architectural and engineering fees associated with the expansion and relocation of the Mount Rainier library. When another organization involved with the project did not live up to its commitment following an initial draw of \$19,500 from the \$200,000 award, the CDC asked to divert the remaining funds to a project to convert a warehouse in Brentwood into the Brentwood Arts Center, which will house artists' studios and a small gallery. The request was granted and in FY 2004, the CDC requested \$690,000 to cover the additional cost of acquiring the property as well as fund renovation and predevelopment costs. That year the CDC was awarded \$185,000 to primarily cover the purchase of the property and funded the other related efforts through other sources.

Community Legacy funding has also provided the CDC with the operational support required to carry out its extensive revitalization effort. Generally, such funding is of crucial importance to non-profit community organizations without large operating budgets.

Other DHCD funding in the area helped to renovate new 20,000 square foot space for Joe's Movement Emporium, a regional center for arts education and training for people of all ages. The new site has improved the financial viability of the arts center as well as the value it provides to the surrounding neighborhoods. Community Legacy grants have also supported streetscape improvements in Mount Rainier as well as the city's Community Tool Shed Project, which loans tools to members of the community for free.

Neighborhood BusinessWorks. Four Neighborhood BusinessWorks grants, totaling \$128,900, have assisted businesses in the Gateway Arts District in Prince George's County. As detailed in the table below, these grants have provided façade improvements, building renovations, and the relocation and expansion of Joe's Movement Emporium.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1996	Joe's Movement Emporium	Renovation of a long-vacant storefront and purchase of equipment and furnishings to provide a dance studio and facility for cultural events, community workshops and seminars.	Grant	\$28,900
FY 2000	Gateway Business Façade Improvement Program	Façade improvements to vacant/run-down properties that are consequently undervalued assets in an area with historic significance dating back to 1897.	Grant	\$25,000
FY 2002	LAFI Cultural Arts Center	Rehab of historic building for expanded classes/performances. Application referred by Community Legacy Program.	Grant	\$50,000
FY 2003	Joe's Movement Emporium Relocation	Predevelopment work for the relocation and expansion of an existing dance studio to a permanent site in the Gateway Arts District. This studio is one of the most active businesses in the Mount Rainier Town Center and is open seven days a week.	Grant	\$25,000
TOTAL				\$128,900

Source: Department of Housing and Community Development

HAGERSTOWN

Background. Hagerstown is the largest city in Washington County and serves as the county seat. Since Colonial times, the city's location in a narrow section of the state not far from Maryland's borders with Pennsylvania, West Virginia and Virginia has contributed its role as a crossroads for travelers and commerce. The city was an early link for both residents of both Baltimore and Philadelphia on their way to the Shenandoah Valley of Virginia to the south or to the Ohio wilderness to the west. The city is rich in Civil War history and is located only about 15 miles north of Sharpsburg, site of the 1862 Battle of Antietam that claimed the lives of 23,000 soldiers. In later years, regional railroads crisscrossed the city, fueling its early industrial growth. As with many older industrial cities in the East, however, Hagerstown suffered from abandonment and disinvestment during the mid-20th century. Today, the city is trying to rebound by capitalizing on both its history and its location as the intersection of east-west Interstate 70 and north-south Interstate 81. The "Old Town Hagerstown" Community Legacy Area includes the portion of Hagerstown that was within the corporate boundaries in the mid-1880s. The area includes downtown Hagerstown, 11 distinct residential neighborhoods, and approximately 7,000 housing units.

Since the program's inception in 2002, the City of Hagerstown has received more than \$1.75 million in Community Legacy funding, the vast majority of which came in the form of grants received during the study period (FY 2002 through FY 2005). In the program's first year, the city received grants totaling \$636,000 to fund three projects. The first, a residential rehabilitation assistance program, received two grants of \$250,000 each. The second project received \$110,000 to help residents build off-street parking spaces on their properties. The third project – to replace concrete sidewalks with brick and add brick crosswalks at an intersection in the city's Arts and

Entertainment District – received \$26,000.

In FY 2003, the city was awarded a grant for the acquisition of the McCrory's property, demolition of the existing building, and redevelopment of the property into a public park in the heart of downtown. At \$750,000, this grant was nearly five times as large as the average Community Legacy award that year. In FY 2004, Hagerstown received two awards to support arts-related efforts in the city. The first, a \$50,000 grant, was intended to support the renovation of a vacant building into a cultural arts center in the city's Arts and Entertainment District. The second grant – for \$20,000 – funded a study on the feasibility of renovating a vacant building downtown into a public School for the Arts.



In Hagerstown, Community Legacy funding supported the demolition of the McCrory's building and creation of a community park. The project was conducted at the same time adjacent renovations brought the University System of Maryland to downtown Hagerstown.

Impacts. The revitalization projects funded through Community Legacy in Hagerstown demonstrate the flexibility for which the program has become known as well as its far-reaching impacts. Supported projects have resulted in the construction of a beautiful and lively urban park in the heart of downtown, 24 residential rehabilitation projects, the creation of 260 off-street

parking spaces within residential neighborhoods, and the renovation of a vacant building into a public School for the Arts.

The impacts of the Hagerstown projects, however, go well beyond their direct outcomes. For instance, a Community Legacy supported project to replace corner sidewalks and crosswalks at the intersection of S. Potomac and Antietam Streets with brick, not only made the intersection more attractive, but also spurred further investment from the state, city and local business owners to extend and widen the brick sidewalks and add a decorative surface on the street for an entire block in the middle of the city's Arts and Entertainment District. This new effort will continue to beautify and create a strong sense of place within the District. The new sidewalks will also create a safer pedestrian environment and will create a sidewalk café district with space for restaurants along the street to have outdoor seating during warmer months. Additional rehabilitation projects along S. Potomac Street further demonstrate the city's commitment, as well as that of property owners, to continue to rejuvenate the District. Community Legacy grants for the initial crosswalk and sidewalk project and the School for the Arts project, were catalysts for many of the new revitalization efforts underway in this downtown community that serves as a regional entertainment destination. City officials also attribute the new school with influencing recent decisions by artists to relocate to a proposed nearby live-work project.

The residential rehabilitation project resulted in 24 loan-to-grants (in the amount of \$20,000 each) that helped owners renovate their homes. The grants were primarily used for maintenance projects, such as the replacement or upgrade of windows, plumbing, roofing, furnaces, and heating systems. Clearly, these projects helped increase the home values and equity for those homeowners who were able to take advantage of the program. It is likely as well that these increased home values have had a spillover effect on the value of homes for homeowners that did not participate in the program. City planners recognize the Community Legacy support for this effort as helping the city leverage additional funding for renovation projects through the Maryland Housing Rehabilitation Program, the Special Targeted Applicant Rehabilitation Program, and the Lead Paint Abatement Program.

Hagerstown planners credit the Community Legacy supported off-street parking program with improving the quality of life for residents by creating 260 new parking spaces, which freed up limited on-street parking within residential neighborhoods. In order to create a more significant impact within these neighborhoods, the city clustered many of the parking projects the Community Legacy grant helped fund.

The large grant provided for the creation of the public park in downtown Hagerstown has had numerous impacts consistent with Community Legacy's desire to strengthen existing communities. The park serves as a gathering place for local residents and students and brings the community together for concerts and other events in the summer. Together with the renovation of the adjacent Baldwin Complex into the University System of Maryland's Hagerstown campus, the park project has completely changed the feel of this neighborhood in the heart of downtown Hagerstown.

Community Legacy program. One of the initial projects funded was a mortgage assistance program intended to promote homeownership in a specific area in downtown Hagerstown. When the program initially received little interest in a community with a residential rental rate of over 80%, the city expanded the program to include the entire Community Legacy Area and invited existing homeowners to use the program for home rehabilitation projects. The program became incredibly popular, and the city issued 24 loans in the amount of \$20,000 each. On a pro-rated basis, the loans were forgiven for those remaining in their houses for a five year period. The city

worked in conjunction with a local CDC to administer the program and CDC used any recaptured funds to establish other community-based programs.

Another project supported by Community Legacy in its initial year was called "Project Park Inside." This effort helped create off-street parking in neighborhoods across the city by encouraging homeowners with alleys to demolish derelict garages and add parking spaces off the alley. In total, the city used a \$110,000 Community Legacy grant to issue grants to 75 homeowners, creating 260 off-street parking spaces. The project was so popular, that the city continued it for another year using local funds.

The city also received \$26,000 in 2002 to support streetscape improvements in downtown Hagerstown. This project installed new brick crosswalks and corners at the intersection of S. Potomac Street and Antietam Street, in the heart of the city's Smart Growth Arts and Entertainment district. Since the completion of this project, the city has obtained additional funding from the state, city, and private investments to widen and brick additional sidewalks through the A&E District.

Hagerstown's greatest financial support from the Community Legacy program was for the acquisition and demolition of a vacant McCrory's store and the redevelopment of the land into a public urban park. The property is adjacent to the newly renovated University System of Maryland building in the heart of downtown. The \$750,000 Community Legacy grant, received in FY 2003, was extremely vital to the creation of the park, which is called University Plaza. During the summer, the park is used to host concerts and other public events.

In FY 2004, additional Community Legacy funding was received to support two projects. The first, included the renovation of a vacant building downtown into a cultural arts center that would anchor the city's Arts and Entertainment District. When negotiations on the lease of the property failed, however, and no other affordable option was found downtown, the \$50,000 Community Legacy grant was returned to DHCD. The second grant covered the cost of conducting a feasibility study and devising a plan for a public arts high school in downtown Hagerstown. This project is moving forward, and city officials considered the \$20,000 Community Legacy grant integral to getting the project started. The school, which is currently under construction, is slated to open in fall 2009.

Neighborhood BusinessWorks. Eight Neighborhood BusinessWorks grants and loans have provided a variety of Hagerstown businesses with nearly \$1 million in funding since 1997. Four of these awards were grants totaling \$457,963 and four were loans summing to \$534,000. The table below provides more detail on the support the program has provided in the City of Hagerstown.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1997	Franklin Street Gallery	Relocation and expansion into vacant space in city designated "entertainment zone."	Grant	\$17,963
FY 1997	Hagerstown Ice & Sports Complex	Demolition of vacant, dilapidated horse barns and construction of an ice and sports complex.	Grant	\$375,000
FY 1998	Twigg Cycle Shop	Rehabilitation and expansion of existing bicycle business.	Loan	\$35,000
FY 2000	Hagerstown Civil War Museum	Feasibility study for development of a civil war museum in downtown Hagerstown.	Grant	\$25,000

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 2001	JPAW	Acquisition and renovation of a vacant building for the relocation and expansion of a wholesale automotive supply and services distributor.	Loan	\$25,000
FY 2002	Hagerstown Façade Program	Façade improvements in the downtown commercial area, public streetscape improvements, and residential and commercial property rehabilitation.	Grant	\$40,000
FY 2006	200 Washington	Purchase and renovation of a ten-unit building in downtown Hagerstown to house three retail operations and seven residential units.	Loan	\$90,000
FY 2007	City Convention Center	Renovate vacant building into a 210-seat theater with a banquet and conference center and a catering company to occupy top floor.	Loan	\$384,000
TOTAL				\$991,963

Source: Department of Housing and Community Development

HAVRE DE GRACE

Background. At the mouth of the Susquehanna River and the Chesapeake Bay, Havre de Grace offers a waterfront downtown and illustrates a familiar story for Main Streets across the country. Commercial development along Route 40, an auto-oriented corridor, has adversely affected the vibrancy of downtown business. The downtown is removed from most of the population (approximately 11,000) and not well-connected to major thoroughfares.

While restaurants often do well downtown, stores are usually occupied by hobbyists who have trouble staying in business. This instability and fluctuation in businesses has inhibited revitalization efforts in downtown.

The Havre de Grace comprehensive plan outlined plans to revitalize the downtown and the more industrial Revolution Street corridor. Much of this revitalization effort thus far has been aesthetically focused – streetscaping, signage, and façades. In the future, the Main Street Corporation and Havre de Grace hope to offer a commercial rent-subsidization program to incubate businesses and promote stability.

Since FY 2002, the City of Havre de Grace, a designated Main Street community, has received six Community Legacy grants or loans to fund operating expenses or capital projects. In FY 2002, the city received a \$50,000 grant for streetscaping St. John Street. In FY 2003, the city received \$115,000 for acquisition of a derelict property on Revolution Street. Because the city ran into trouble acquiring the property, this money was redirected. The funding was spent on adding lighting to Revolution Street, rehabilitating the Bradford Greene property, and re-designing infrastructure in an industrial park near Revolution Street. In FY 2005, the city received a grant for \$20,000 to fund operating expenses for a part-time staff person for the Main Street Program. Also in FY 2005, the city received a loan/grant combination in the amount of \$76,875 for façade improvements. In its design, the façade improvement program requires matching funds from the property owner. In FY 2007, the city received a \$20,000 grant for operating funds for the Main Street Program and a \$51,000 grant for streetscaping on Franklin Street.

Impacts. Community Legacy projects directly yielded aesthetic improvements to downtown Havre de Grace. Funding received from FY 2002 and FY 2007 improved sidewalks in the retail corridor downtown, and funding re-designated from the FY 2005 award added signs and planters to the retail corridor. Though the acquisition along Revolution Street fell through, the community was able to use some of the funds for aesthetic improvements in the area. The rest of this funding went toward infrastructure improvements to an industrial park. While the impact of these infrastructure improvements is not visible, this work furthers the community's long-term plan to build a new industrial park. Façade improvement funds, received in FY 2005, have funded only one refurbishment, which increased the aesthetic appeal of downtown. City officials believe the 50-50 matching requirement for façade improvements and absentee ownership of properties, have caused interest in the façade improvement program to be less than expected.

Operating funds from Community Legacy have also had an impact on the community. These grants have allowed the Main Street Program to function and contribute to revitalization efforts in downtown.

While the impacts of Community Legacy in Havre de Grace are mostly aesthetic, these aesthetic improvements are setting the stage for further revitalization efforts which will occur in the long term, permitting adequate funding. The community has applied for Arts and Entertainment District

designation from the Maryland State Arts Council, which city officials hope will spur further revitalization efforts.

Community Legacy program. Community Legacy has been vital to revitalization efforts in downtown Havre de Grace, as the city would have been unable to fund these improvements alone. The city completed the first streetscaping project just before Community Legacy began, and the funding received through Community Legacy allowed Havre de Grace to advance the plan to provide streetscaping throughout the downtown. Community Legacy awards have often provided operating funds for Main Street Corporation, which is critical to revitalization efforts downtown.

Havre de Grace also received funds for acquiring properties in a blighted area on the edge of downtown, but a stubborn property owner forced the city to cancel acquisition plans. The funding, instead, was used to streetscape in that area of town as well. In addition to streetscaping efforts in the commercial areas of downtown, Havre de Grace received funding for façade improvements. Interest in this program has been minimal because of a lack of stability of businesses, an abundance of absentee landlords, and a 50-50 matching requirement. Only one business has received a façade improvement thus far. DHCD allowed Havre de Grace and Main Street to redesignate some funds to spend the Community Legacy money on signs and planters instead.

The revitalization efforts have been furthered by matching funds from the City of Havre de Grace and Community Development Block Grants.

Touring the downtown, aesthetic improvements such as the streetscaping along sidewalks and new signage give the downtown a nice feel. The aesthetic appeal, however, is diminished by mismatched façades, which property owners have shown little interest in improving.

Havre de Grace hopes to receive funding to continue streetscaping efforts to make the downtown even more aesthetically pleasing. Streetscaping efforts continue on Franklin Street, which was funded in the 2007 round. In the Revolution Street area, at the edge of downtown, they hope to build an industrial park. Main Street continues to work to attract businesses to the Façade Improvement program, but know that an overall business retention strategy is needed to spur downtown revitalization.

Neighborhood BusinessWorks. Havre de Grace businesses have benefited from \$408,000 in Neighborhood BusinessWorks funding. As shown in the table below, a grant for \$75,000 in FY 1999 supported façade improvements in downtown Havre de Grace. Two loans, summing to \$333,000, were issued in FY 2001 to help relocate a dental office and rehabilitate two buildings into a restaurant.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1999	Façade Improvements	Commercial property façade enhancement downtown.	Grant	\$75,000
FY 2001	Susquehanna Station	Acquisition and rehab of the buildings at 412 and 414 St. John Street in Havre de Grace for conversion into a family style dining facility.	Loan	\$108,000
FY 2001	Birchen Dental Office	Relocation and construction of a new dental office building.	Loan	\$225,000
TOTAL				\$408,000

Source: Department of Housing and Community Development

LEONARDTOWN

Background. Leonardtown is one of the oldest settlements in Maryland, dating back almost to the founding of the colony in the late 17th century. It now is the only incorporated municipality in St. Mary's County and much of the city's activities revolve around the courthouse and the city's role as the county seat. In recent years, however, city residents and officials have had to fend off attempts to move the courthouse and post office to sites outside of town. In addition, Leonardtown suffered from abandonment in its small downtown (the city's population is estimated at only about 2,000) and had to contend with at least 14 empty storefronts. Beginning in 2001, however, revitalization efforts in the city have helped fill these empty buildings with new restaurants and stores, encourage new development and redevelopment, and return vitality to the downtown area.

Leonardtown received only one Community Legacy award during the study period, a \$104,000 grant to demolish and remove buildings on the city's historic waterfront on Breton Bay. (In years subsequent to the study period, the city also received two additional Community Legacy awards for phases of the same project. Together, those two grants totaled \$300,000.)

Impacts. Leonardtown has experienced noticeable, dramatic and both direct and indirect improvements as a result of its Community Legacy grants. As a result of the grant that was subject to this study, the city's historic waterfront has been cleaned up and renewed. Derelict buildings were demolished and removed and debris, including large chunks of concrete, has been removed from the nearby wetlands. The wetlands have also been replanted. With help from subsequent Community Legacy grants, the city has built a beautiful new waterfront park with an attractive compass point insignia in the central plaza that is likely to become the centerpiece for the city's new logo. An elevated wooden walkway takes visitors through the marsh and along the shoreline. A new concession stand will be the focal point of community activities at the dock. New signs will explain the environmental benefits of the restoration effort as well as the rich history of the site. As a result of this project, at least two historic buildings just up the hill from the park have been rehabilitated and remodeled and on adjacent land a private developer has built 26 townhouses that are selling for nearly twice the price originally envisioned.

The indirect impact of this waterfront revitalization has been renewed interest by businesses to invest in the downtown, which begins just up the hill from the dock. The city administrator reports that 14 buildings that were vacant around the time of the first Community Legacy grant are now all filled with tenants, including at least eight new restaurants. A new three-story chain hotel is under construction a block off of Main Street. As a result, and to the relief of city officials, suggestions to move the courthouse and/or the post office to the outskirts of town have been dropped.

Community Legacy program. The Community Legacy program in Leonardtown has focused on cleaning up and redeveloping the city's historic waterfront on Breton Bay and tying it back to the downtown, which begins just up the hill from the waterfront. This amenity had been so completely abandoned that some city residents were unaware it existed, city officials said. The waterfront was once a port for tobacco shipments and later a landing for steamboats and a floating theater. It became industrialized in the 20th century with construction of an oil bulk storage plant, an ice house, restaurant, marina and gas station. Over the years, however, each of these operations went out of business and the buildings and wharf fell into disrepair. In one case, one of the buildings on the shoreline was destroyed by fire. Chunks of concrete debris were deposited in the wetlands and the old wharf rotted in the water offshore.

The city strategy was to use a Community Legacy grant to demolish the remaining structures and clean up the privately owned 5.5-acre site to make it more marketable and to acquire a .75-acre part of the site for a community park. As part of this process, the city had to work with the Maryland Department of Environment to go through a “Phase 2” environmental study of the site. As soon as the site was cleared, a private developer expressed interest in building townhouses and commercial buildings on most of the site and selling a portion to the city for its park. Because of the waterfront location, this process required the city to obtain permits from the Department of Natural Resources, Department of Environment, U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service, and the state’s Critical Areas Commission. In 2004, the wharf area also was designated as a state “Priority Place,” a designation that city officials credit for finally getting all the various state agencies around the same table to discuss the city’s revitalization efforts.



In Leonardtown, the Community Legacy program helped revitalize the city’s historic waterfront on Breton Bay. As a result of this effort, additional private investment has been made in nearby residential communities.

Although for this study we were only asked to look at the initial \$104,000 grant to clean up the wharf site, the city has subsequently made two other successful applications for Community Legacy funding (2006, requested \$300,000, received \$100,000; 2007, requested \$300,000, received \$200,000) to finance subsequent phases of the waterfront park project. St. Mary’s County, meanwhile, has put \$2.5 million into this project and the city has collected funds from other sources, including DNR’s Waterway Improvement program, Program Open Space, the Parks & Playgrounds program, a contribution from the private developer, and a small grant from the Southern Maryland Heritage Program.

As a result of the waterfront park project, which is due to open in May 2008, and other revitalization efforts in the downtown area, city officials say the demographics of the city are more upscale and more diverse. The 26 townhouses built on the site were to be listed in the \$300,000 price range, but have sold for \$500,000 or more, city officials said.

The wharf project is seen as the big catalyst, a project that made other business owners more comfortable investing in the city. There now are an estimated eight new restaurants as well as new antiques shops in the downtown, a chain hotel under construction, and no remaining vacant buildings.

Neighborhood BusinessWorks. The City of Leonardtown has received Neighborhood Business works funding for one project – a \$50,000 loan issued in FY 1999 for an office building renovation.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1999	Court Square Building	Renovation of office building.	Loan	\$50,000
TOTAL				\$50,000

Source: Department of Housing and Community Development

LEXINGTON PARK

Background. The unincorporated City of Lexington Park is home of the Patuxent River Naval Air Station, which is, by far, the driving force of the city's economy, the region's development pattern and demographic makeup, and the reason St. Mary's County has experienced such a large influx of new residents. Pax River, as the base is known, is said to be responsible for 84% of the local economy. But the continuing growth of the naval base's high-tech professions has created large gaps in education, jobs opportunities and wealth, creating areas of poverty, crime and disinvestment. Some housing in the area dates back to World War II. Lexington Park also has a high rate of rental housing. At the time revitalization efforts in Lexington Park were beginning, the county did not even have in place a minimum "livability code," a shortcoming that has since been rectified.

Lexington Park received four Community Legacy grants during the study period: A \$50,000 grant to develop an overall Community Legacy plan; a \$161,500 grant to acquire and demolish the abandoned Cummings Electric Building and construct a new commercial building on the site; \$50,000 to build sidewalks to connect a residential neighborhood with Nicolet Park, a newly constructed regional park; and, \$250,000 to acquire and rehabilitate at least five single family homes within the Patuxent Park Community to be offered as a home ownership option to existing residents of Lexington Manor, an old and deteriorating residential subdivision.

Impacts. The Cummings Electric building has been demolished and removed, but rather than building a new commercial building on the site, the city's Community Development Corporation has decided instead to offer the land as a parking lot to a nearby fast-expanding dental practice. A spin-off agreement with the dental practice will result in a jointly funded project to landscape the parking lot and the nearby section of the street. The grant for sidewalks to Nicolet Park was considerably less than the amount requested, so the project had to be reconfigured by combining other funds to put in sidewalks, storm drains and other roadway improvements. This project is underway, but not yet completed. Funds for rehabilitating houses were used to upgrade seven houses, which have subsequently been purchased by residents from another distressed neighborhood. This project is part of a much larger housing rehabilitation effort that is largely funded with Community Development Block Grants and other federal funds and which has helped reduce Lexington Park's high number of renters by helping some become home owners. CDC and local housing officials say these seemingly unconnected projects are pieces of the larger Community Legacy plan that was developed with Lexington Park's initial grant and has served as a long-term guide in the years since. State and local governments have invested as much as \$35 million in various revitalization efforts, including a new library, post office, parks, highway expansion and landscaping, and more. As a result, the vacancy rate in commercial properties is down significantly and older, sometimes blighted properties are being acquired and renovated, housing and CDC officials say.

Community Legacy program. Lexington Park's redevelopment and revitalization efforts have been led by the county's Community Development Corporation and the St. Mary's Housing Authority, in conjunction, of course, with the Board of County Commissioners. The initial Community Legacy effort, which began at the end of 2001, was to designate a Community Legacy area and launch a study to ascertain the condition of the housing stock and other amenities. The goal of this effort was to increase homeownership, halt decline and disinvestment, reduce homelessness, and improve quality of life. Much has happened as a result of this initial study, but some findings are still being addressed and will be for years to come. The study is not so much a public document, but an internal tool used by revitalization staff to identify and address community

needs. Other Community Legacy grants to Lexington Park address problem areas identified in this baseline study. State and local governments have invested as much as \$35 million in various revitalization efforts, including a new library, post office, parks, highway expansion and landscaping, and more. As a result, the vacancy rate in commercial properties is down significantly and older, sometimes blighted properties are being acquired and renovated. For all of this, Community Legacy is considered a tool – not necessarily the leading tool, but one of many.

In one case, for example, Community Legacy funds were used to demolish a derelict building that had been abandoned for approximately 17 years and to construct a new commercial building on the site. The demolition was completed, but the new building was never built. Instead, the property is being converted for use as an employee parking lot for a neighboring and fast-expanding dental practice. As a result, a separate (non-Community Legacy) grant has been awarded to and matched by the private property owner to landscape the parking lot and surrounding area. These actions fit into a broader plan to address blight along Route 246, which is known as the Great Mills corridor.

Much of the city’s efforts, however, have been more broadly directed at helping old residential communities that have fallen into serious disrepair. In some cases, Community Legacy funds were used to rehabilitate houses in one community to offer homeownership options to seven families that were renting substandard housing in another community. This effort was considered a “toe in the water” that pre-dated a larger rehabilitation effort funded with federal Community Development Block Grants that, so far, has assisted 67 families.

Other associated work involves construction of sidewalks connecting a residential neighborhood to a new regional park, resurfacing the road, and providing curbs, gutters and stormwater infrastructure. Because Community Legacy funding for this project was less than requested, however, the city had to find other sources to cover the rest. “The trend is upwards,” said one official, “but very slowly.”

Neighborhood BusinessWorks. As the table below shows, one business in Lexington Park has received two Neighborhood BusinessWorks loans totaling just under \$151,000.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 2006	Curtis Tire Center	Expansion of current business to include four service bays, additional warehousing space, remodeled waiting area and equipment for the new bays.	Loan	\$102,000
FY 2007	Curtis Tire Split Year Funding	Split-year funding for expansion of current business to include four new service bays, additional warehouse space, remodeled waiting area, and equipment for the new bays	Loan	\$48,898
TOTAL				\$150,898

Source: Department of Housing and Community Development

SALISBURY

Background. Salisbury, the county seat of Wicomico County, has a population of about 27,000 and is the largest city on the Eastern Shore and a designated Main Street community. For more than two centuries, it has been a major business and agricultural crossroads on the Lower Shore. The city sits at the head of the navigable Wicomico River and is crisscrossed by two major highways, U.S. Route 50 and U.S. Route 13. Parts of the city have suffered some disinvestment and crime problems. The city has also been physically divided by Routes 50 and 13, which in places are wider than the Wicomico River and every bit as much of a barrier. The construction of a new Salisbury bypass, however, has reduced the amount of through-traffic in the downtown area, making it feasible for city officials to work on projects that will better link the divided portions of the city.

During the study period, Salisbury received four Community Legacy grants, the largest of which was \$150,000 to establish a revolving loan fund that could be used to rehabilitate deteriorated housing. Other awards included a \$100,000 grant to build a “Boundless Playground” for use by disabled residents; \$80,000 to put a wheelchair lift in a historic African-American church known now as the Chipman Cultural Center; and \$20,000 to develop plans for crosswalks as part of a larger effort to connect parts of the downtown that has been divided by major thoroughfares.

Impacts. The impact of each of these grants is already visible: five rehabilitated houses and demolition of old rental housing that had been a center for drug and crime activity; construction of the Boundless Playground; installation of the elevator that will help the disabled reach the second floor sanctuary in the Chipman Cultural Center; and installation of the first crosswalks that are part



This “Boundless Playground” for use by disabled children, was made possible through Community Legacy funding, demonstrating the wide range of flexible uses of the program’s funds.

of the city’s larger Connectivity Plan. The city’s mayor says the housing rehabilitation program has not only improved the aesthetics and quality of life in older and somewhat troubled sections of the city, but has helped reduce crime as well. The improvements to the Chipman Cultural Center were important to and popular with the city’s African-American population. During the construction on this project, termite damage was discovered in the old wood frame church, but the contractor working on the elevator project agreed to fix the damage. The Boundless Playground, which is next door to the Chipman Center, is not only attracting disabled

children from Salisbury, but from elsewhere on the Eastern Shore. The Connectivity Plan for the crosswalks is done, but actual construction has not yet been completed. As a result of these state investments, city officials say citizen participation in downtown activities has increased and that the aesthetic quality of the city has been improved.

Community Legacy program. Salisbury's has used the Community Legacy program as part of a broader strategy to provide pedestrian connectivity to the parts of the city separated by the major highways; and for reducing crime and improving quality of life through the rehabilitation of homes in areas of the city that had fallen into disrepair. These funds have also been used to provide recreational opportunities for Salisbury and, indeed, for other Eastern Shore residents who are physically disabled; and by taking steps to protect the heritage of the city's African-American community.

When Community Legacy funding was less than requested, the city responded by either augmenting Community Legacy funding with funds from other programs; or, in the case of one project, scaled back some of the site preparation work to meet the lower than expected budget. The city also used Community Legacy funding for parts of projects otherwise funded with Community Development Block Grants (CDBG), but for which the federal funds could not be used.

City officials believe that work done under the Community Legacy program for the Boundless Playground helped Salisbury win a designation as "one of the 100 best communities for youth" three years in a row. The playground features soft surfaces, is wheelchair accessible, and employs equipment designed for use by children with disabilities. In addition to being used by city residents, city officials report that families drive from various points around the Shore to use the playground. The Chipman Cultural Center next door, an historic African-American church where a wheelchair lift was added with Community Legacy funds to meet ADA accessibility requirements, is now used for plays, concerts, weddings, church services and community meetings.

City officials also believe the community effect of the Community Legacy investment has been a positive improvement in civic engagement, the aesthetic qualities of the city, cleanliness in neighborhoods adjacent to Community Legacy projects, citywide connectivity, and an increase in homeownership rates due to housing rehabilitation work.

Neighborhood BusinessWorks. Businesses in Salisbury have benefited from \$812,000 in Neighborhood BusinessWorks funding since the program's inception in 1996. Between FY 1996 and FY 1999, \$687,000 of this funding came in the form of four loans supporting the acquisition and rehabilitation of buildings in Salisbury. Two grants for downtown façade improvements supplied the remaining \$125,000 in FY 2007.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1996	Gallery Building	Renovation of a long-vacant downtown building to house 43,000 square feet of professional offices, retail and art gallery space.	Loan	\$350,000
FY 1998	AES Office Building	Purchase and rehab of original "city hall" building to restore the historic nature as office building for architect/engineering businesses.	Loan	\$57,000
FY 1998	Gallery Annex	Renovation of an under-utilized building into a mixed-use facility.	Loan	\$250,000

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1999	Chesapeake East Ceramics	Acquisition and renovation of the vacant/underutilized Franklin Hotel to relocate and expand an established fine arts and ceramics business.	Loan	\$30,000
FY 2007	Main Street Façade Loan Program	Revolving loan program for exterior renovations and restorations in downtown Salisbury's Main Street.	Grant	\$50,000
FY 2007	Downtown Salisbury Façade Improvement Program	Modification of earlier grant for additional funds and a three year extension for a revolving loan program for exterior renovations and restorations in downtown Salisbury's Main Street.	Grant	\$75,000
TOTAL				\$812,000

Source: Department of Housing and Community Development

SOUTHEAST BALTIMORE/HIGHLANDTOWN AND PATTERSON PARK

Background. Though once a stable neighborhood in southeast Baltimore, between 1990 and 2000, it became a transitional area. Poverty levels increased, homeownership declined, and both vacancies and crime increased. Patterson Park Community Development Corporation and Southeast Community Development Corporation emerged in the mid 1990s as forces which would preserve and restore Southeast Baltimore. The area surrounds Patterson Park and commercial corridors are located primarily along Eastern Avenue and Baltimore Street.

In the late 1990s, the Patterson Park Community Development Corporation focused community revitalization efforts on intervention buying. The Southeast Community Development Corporation focused primarily on commercial revitalization along Eastern Avenue.

From FY 2002 to FY 2007, Patterson Park CDC received five Community Legacy grants or loans, and Southeast CDC received three Community Legacy grants or loans. In FY 2002, Patterson Park CDC received a \$200,000 grant for operating expenses. In FY 2003, Patterson Park CDC received a \$300,000 grant to acquire, combine, renovate and sell alley houses. In FY 2004, Patterson Park CDC received a \$75,000 to put towards a larger project to combine an entire block of properties on Decker Avenue, and then renovate and sell them. In FY 2005, Patterson Park CDC received \$100,000 to design and rehabilitate commercial façades. In FY 2006, Patterson Park CDC received \$75,000 for commercial façade renovations in Library Square. In FY 2007, Patterson Park CDC received \$70,000 to put towards commercial façade renovations in Library Square, \$10,000 for operating expenses and \$60,000 for capital expenses.

In FY 2002, Southeast CDC received a \$50,000 grant for operating expenses and a \$45,000 grant to provide incentives to businesses to relocate, expand or start up to create a strong business district along Eastern Avenue. In FY 2006, Southeast CDC received \$125,000 to acquire and renovate six businesses along Eastern Avenue.

Impacts. The direct and indirect impacts of Community Legacy funding in Southeast Baltimore have been immense. The \$200,000 operating expense funding in FY 2002 kept the CDC from going under. Alleys improved dramatically as a result of alley house combination projects, and the “double-wide” alley houses sold. This project contributed to the overall revitalization effort by rehabilitating and improving less desirable properties, which could have served as a limiting factor in overall revitalization efforts. The funding received for the Decker Avenue project allowed the CDC to acquire a contiguous row of homes for a large scale project. Both the Alley House combination and Decker Avenue projects were visible to the community and infused the entire revitalization effort with energy and publicity. After conducting numerous residential projects, Patterson Park CDC has turned to commercial renovations in Library Square. The square now has two new businesses and additional businesses will be opening soon. According to the CDC, there was not much reason to visit in Library Square in the past, and Community Legacy funding made this project possible.

Though the projects funded through Southeast CDC have not gone exactly as planned in application schedules, Community Legacy funding has contributed to the overall revitalization effort. In FY 2002, Southeast CDC modified the original grant terms because housing rehabilitation projects did not materialize as expected. Funds were used, instead, for operating expenses. The FY 2006 project is still ongoing, but the acquisition of commercial properties has not gone as planned. Despite running into issues in spending funding as originally planned, the CDC was able to re-direct funding to further the overall revitalization effort. As a result of this infusion of funding, the CDC

officials believe the overall effort has been more successful than it would have been without any Community Legacy funds.

In Southeast Baltimore, Community Legacy funding has resulted in valuable indirect impacts as well. Private investment has occurred both in the Patterson Park neighborhood and along Eastern Avenue. CDC officials indicated that property values and homeownership rates have increased and crime has fallen.

Community Legacy funds leveraged through both Patterson Park CDC and Southeast CDC aided larger revitalization efforts and as a result, a transitional neighborhood has improved rather than worsened.

Community Legacy. According to CDC directors in Southeast Baltimore, the Community Legacy program began with the purpose of stabilizing and improving transitional neighborhoods such as Patterson Park/Southeast Baltimore. Overtime, Community Legacy funding has been vital to numerous projects in the area, and has invigorated the revitalization effort as a whole. While these two CDCs have leveraged a tremendous amount of funds from a variety of sources, the flexibility of Community Legacy funding is vital to filling in the gaps to making large scale projects work.

The Patterson Park CDC has used Community Legacy funding for acquisition and renovation of residential properties, and in recent years commercial façade renovations in Library Square. Community Legacy funding was critical in a project on Decker Avenue where the Patterson Park CDC owned 16 properties, but with Community Legacy funding had the opportunity to buy 19 of 20 properties on a block which were renovated into “EnviROWhomes.” In five years, the area has undergone drastic revitalization, both through the efforts of the Patterson Park CDC as well as external private investment.

Southeast CDC has used Community Legacy funding for business revitalization on Eastern Avenue. Though some projects have not occurred exactly as planned in Community Legacy applications, the funding has assisted in overall commercial revitalization along Eastern Avenue. Like Patterson Park, this area has also experienced external private investment beyond the CDC’s direct investment.

Through these CDCs, Community Legacy funding is always used in concert with other state and local programs and often private investment. Using funding from a variety of programs, infused with Community Legacy funding, has allowed the Patterson Park CDC to complete projects they otherwise would not have been able to complete. As the leadership of these two CDCs explain, Community Legacy has done for the community exactly what they desired it would do when assisting to craft the program.

Neighborhood BusinessWorks. The Southeast Baltimore/Highlandtown and Patterson Park communities received nearly \$1.5 million in Neighborhood BusinessWorks funding since the program’s inception in 1996. The majority of this funding was in the form of loans provided to businesses for rehabilitation purposes. The table below outlines the nine Neighborhood BusinessWorks awards received within these communities.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1996	Southeast CDC	Marketing programs and economic development for vacant sites in business district.	Grant	\$30,000
FY 1997	Highlandtown Façade Improvements	Façade improvements for multiple properties in the Highlandtown business district along Eastern Avenue in Southeast Baltimore.	Grant	\$37,500
FY 1997	Model Machine Company	Purchase and renovation of an adjacent property and equipment for the expansion of a business which has manufactured precision machine parts in Baltimore for twenty years.	Loan	\$340,000
FY 1999	Patterson Theater/ Irvin's Department Store Acquisition	Acquisition of vacant commercial properties for re use as artists' housing as well as a cafe/gallery/theater space, retail, commercial, and residential space.	Grant	\$300,000
FY 2000	Block's Pharmacy	Purchase and rehabilitation of two adjacent/vacant, 95-year-old buildings, for a coffee house, office space for the Patterson Park CDC, and a one-bedroom apartment.	Loan/Grant	\$147,491
FY 2003	Santoni's	Expansion and renovation of an existing grocery store located in an urban area without another grocery store within walking distance for most residents.	Loan	\$145,505
FY 2004	Santoni's Split-Year Funding	Split funding for expansion and renovation of an existing grocery store located in an urban area.	Loan	\$354,495
FY 2007	Highlandtown Façade Improvement Program	Façade improvements for the Highlandtown Main Street district.	Grant	\$50,000
FY 2007	Highlandtown Façade Improvement Program	Request for modification to an earlier grant for façade improvements in the Highlandtown Main Street district.	Grant	\$75,000
TOTAL				\$1,479,991

Source: Department of Housing and Community Development

SOUTHWEST BALTIMORE/BON SECOURS

Background. Southwest Baltimore is a diverse, lower income, working class area facing typical urban problems: crime, sanitation, and housing. Bon Secours of Maryland Foundation and Operation Reach Out Southwest joined up in the mid-1990s to move the focus of Bon Secours Hospital to a community wide focus. Bon Secours and Operation Reach Out Southwest developed a strategic plan as a comprehensive approach to community development. In this process, housing was identified as a main concern, realizing that the quality of housing is important to health, sanitation, and safety, and that a house is often a family's most valuable asset. One objective in the plan was to rehabilitate and improve the general condition of the current stock of housing with the goal of maintaining stability in the neighborhood.

From FY 2002 to FY 2006, Operation Reach Out Southwest received four Community Legacy grants for the Home Improvement Grant Program. In FY 2002, the program received \$95,000; in FY 2004, \$105,000; in FY 2005, \$97,609; and in FY 2006, \$50,000. Though the program has remained relatively consistent over the past five years, two changes have occurred: 1) Though grants were only provided to two targeted areas, initially, grants are now awarded throughout the Community Legacy area; and, 2) the amounts of awards to homeowners have increased over time.

Impacts. According to Bon Secours officials, though the direct impact of the homeownership program is not visible externally, the program has stabilized the neighborhood. None of the residents who received the grants have moved, and these homes are safer as a result of the improvements. These improvements especially benefited the community's large population of seniors, allowing them to age in place while preserving the housing stock for future generations. Further, community involvement has heightened as this program has exposed residents to Bon Secours Foundation and strengthened communication amongst residents. Evidence of this lies in the fact that Bon Secours only advertised the Home Improvement Grant program once in 2003 and word-of-mouth resulted in oversubscription in following years. The direct impacts for individual property owners receiving the grants have been tremendous, as homeowners received funding to make major repairs such as installing hot water heaters, replacing roofs, and repairing collapsing ceilings. Recipients talked of their appreciation for the program and stated that they would not have been able to afford necessary home improvements without the grant.

As an indirect impact, Bon Secours officials believe that vacancy rates have declined, crime has declined, and property values have increased, though data are not available to prove this.

Community Legacy. Though Bon Secours Foundation had funded rental housing projects in the past, the organization did not begin improvement programs for homeowners until receiving Community Legacy funding in 2003.

The homeownership improvement program as a recoverable grant program, meaning homeowners pay nothing beyond the \$50 application fee if they stay in the home for five years. Through the program, homeowners have received \$5,000-\$10,000 grants to make home repairs. In this lower income neighborhood, grants are given for necessary repairs – fixing roofs, installing heat, and repairing hot water heaters – not aesthetics. The grants give homeowners the opportunity to make vital home repairs they otherwise could not have afforded.

Though the external effects of this program are difficult to witness by simply driving through the neighborhood, residents are very grateful for the program and the funding they have received.

Further, none of the 59 recipients of home improvement loans has moved from the area. Thus, the program has yielded the stability Bon Secours desired.

Community Legacy funding was absolutely vital to this program, which did not exist until Community Legacy grants were received. Almost every year since 2002, Bon Secours has received Community Legacy funding for the program. In 2003, DHCD awarded a \$100,000 Maryland Home Revitalization Program to be dispersed as zero-percent loans, of which Bon Secours was only able to spend \$54,000 because of resident's hesitance to take loans. Grant funding has been critical to the success of this program – loans would not have been as well-received by residents. After receiving less funding in 2006, Bon Secours did not apply in 2007 but hopes to receive further funding for the program in 2008 Community Legacy funding to continue and expand the program.

Neighborhood BusinessWorks. Southwest Baltimore has received two Neighborhood BusinessWorks awards since 1996. In the program's first year, a printing company in Southwest Baltimore received a \$250,000 loan. In FY 2004, a Neighborhood BusinessWorks grant in the amount of \$25,000 was given to a technology center that provides computer training and acquisition services to community residents.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1996	Advantage Web Press	Expansion of a commercial printing company in a vacant space in the Desoto Industrial Park, which is located in the Enterprise Zone.	Loan	\$250,000
FY 2004	Community Technology Center	Funds used to provide a program of services to connect adults and youth in neighboring and low-income communities to computer skills, educational development, and assist individuals with equipment acquisition.	Grant	\$25,000
TOTAL				\$275,000

Source: Department of Housing and Community Development

WESTMINSTER

Background. The City of Westminster is the county seat of Carroll County and home of McDaniel College. It is also one of the state's 18 designated Main Street communities. The city established its Community Legacy Plan with the goal of increasing the quality of life for city residents by creating and maintaining safe neighborhoods with a variety of housing types.

Since 2002, more than \$500,000 in Community Legacy funding has supported efforts to revitalize Old Town Westminster through a number of focused projects – nearly \$350,000 of this was



The Locust Lane pocket park in Westminster was initially funded through the Community Legacy program. Additional funding from the Neighborhood BusinessWorks program and private investments helped revitalize the surrounding community.

provided during the study period (FY 2002 through FY 2005). In 2002, the City of Westminster received two grants totaling \$212,800. The first grant, for \$192,800, was for the creation of a pocket park on Locust Lane in downtown Westminster. The second – a \$20,000 grant – supported the city's Homeownership Initiative by funding ten \$2,000 grants given to buyers of homes in Old Town Westminster. The city received another grant for \$25,000 to support this project in 2004. That same year, Community Legacy gave the city a \$50,000 grant to install pedestrian friendly

streetlamps along Pennsylvania Avenue. This streetscaping and lighting project also received a Community Legacy grant for \$60,000 the previous year – FY 2003.

Impacts. Both the Community Legacy program has had significant direct, indirect, and catalytic impacts on the City of Westminster. The direct impacts are clear – the installation of 17 decorative streetlights on Pennsylvania Avenue and the creation of a pocket park in downtown Westminster. City officials also credit the Community Legacy funded Homeownership Initiative with partially impacting the homeownership rate in the Old Town Westminster Revitalization Area, where the rate increased from 40% to 47% over a five year period.

Indirectly, these projects have helped create a stronger sense of pride in Westminster and helped get more people engaged in the city's revitalization effort through public workshops, charrettes and design committees. According to city planners, the improved lighting on Pennsylvania Avenue, along with a renewed emphasis on community policing, has helped reduce crime in the community. Daytime street activity has increased, particularly due to street fairs and performances held in the park on Locust Lane. Community Legacy funding has also served a catalytic function in Westminster's revitalization efforts. The city more than matched the Community Legacy funding for the Pennsylvania Avenue lighting project, but more importantly, the project served to kick start a larger effort to revitalize the Tri-Street Neighborhood (formed by the intersections of Pennsylvania Avenue, Union Street, and West Main Street). Upcoming projects in the neighborhood

include additional streetscaping, improvements to encourage pedestrian use and safety, and traffic calming measures. The Community Legacy funding was considered vital to making these revitalization efforts move forward. Likewise, Community Legacy funding served as a catalyst for the improvements downtown on Locust Lane. In addition to the park, the effort involved an addition to the adjacent building, the installation of park signage, and bringing the building up to ADA compliance. Much of this additional work was funded through private investments that were stimulated by the initial Community Legacy grant, according to city officials.

Community Legacy program. The City of Westminster's Community Legacy program funding primarily supported three initiatives during the study period. The first, called Locust Lane Improvements, helped provide for a pocket park in downtown Westminster and helped bring adjacent businesses to compliance with the American Disabilities Act. The park is approximately one block by 130 feet and includes a large mural and a small stage area for outdoor performances. The overall project was approximately \$1.4 million, of which less than \$200,000 came from a Community Legacy grant. For this project in particular, much of the additional funding came in the form of private investment, which assisted with the ADA compliance and also helped fill the street level store fronts.

The second main project, which was funded by two grants (one in FY 2002 and another in FY 2004), provided \$2,000 grants to homebuyers of all incomes who bought homes in Old Town Westminster. In total, 20 homebuyers received grants, which were provided on a first come, first serve basis. Known as the Homeownership Initiative, the program was viewed by city officials as helping stimulate improved homeownership rates in the Old Town Westminster Revitalization Area. Over the last five years, the homeownership rate in the area increased from 40% to 47%. Current plans to convert several additional units to owner-occupied homes will drive the homeownership rate in the area up to 60% in the next two or three years.

Improved street lighting along Pennsylvania Avenue was the third focus of Community Legacy funding in Westminster, through two grants (in FY 2003 and FY 2004) totaling \$110,000. These grants were supplemented by \$142,000 from the City's general fund to complete the project. Since this initial street lighting effort, the City has applied for funding to do additional streetscaping, adopt traffic calming measures, and implement more pedestrian-oriented improvements in the Tri-Street Neighborhood.

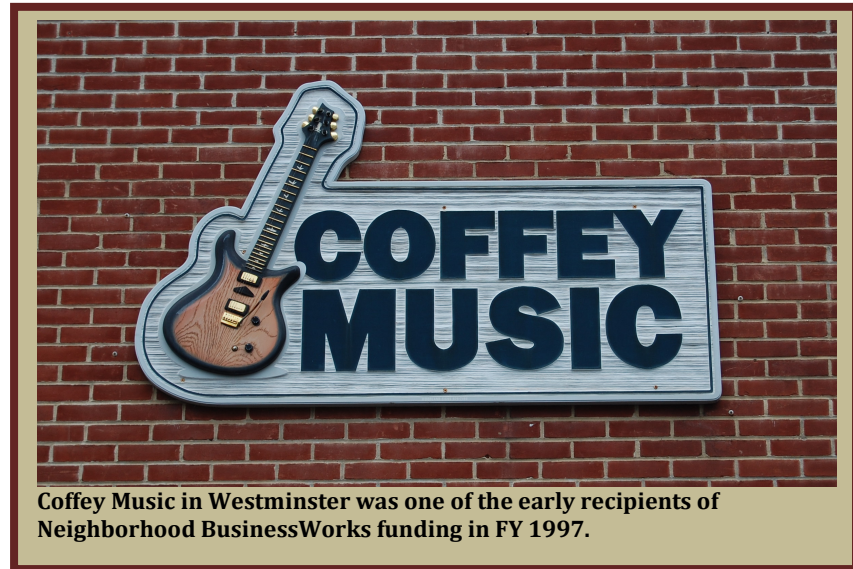
The impacts of these projects have been multiple. Daytime street activity has increased throughout the community, with "multicultural explosion" block parties organized on an annual basis in the streets of Old Town Westminster attracting hundreds of area residents. Street fairs have also become a common occurrence and there are weekly performances organized in the Locust Lane park during warmer months.

The projects have also actively engaged the public – there was a charrette held for the Locust Lane park project, and focus group meetings were organized to identify the community's vision for Pennsylvania Avenue.

From an administrative standpoint, city officials did not find the program's reporting requirements or online application overly burdensome. They also valued the site visits they've had from DHCD representatives, indicating that they gave their local staff the opportunity to more strongly present their case, answer any questions the reviewers may have, and specifically demonstrate their need and plans for revitalization.

When the city has not received sufficient funding for a project from Community Legacy, staff has sought addition funding from other sources, but have also relied upon innovative, cost-saving techniques to help lower project costs. For instance, when replacing old sewer lines in the city, they used a piper bursting technique that did not require extensive excavation. That said, private investment in the various projects was generally pretty high – as much as 12 to 1 for one project, closer to dollar for dollar matches for some of the city’s smaller revitalization efforts.

In general, Community Legacy funding was viewed as extremely vital to the success of the city’s revitalization efforts, and city officials appreciated the requirement that the Community Legacy funded projects be part of a larger, multi-year plan. They indicated that this differed from many other funding sources and required extra work up front, but that it helped ensure the funding fit a larger picture.



Neighborhood BusinessWorks. Of the twelve communities reviewed in this study, the City of Westminster has received the most Neighborhood BusinessWorks funding, both in terms of dollar amounts and number of grants and loans. Since 1997, businesses in the city have benefited from nearly \$2.5 million in Neighborhood BusinessWorks funds. Between FY 1997 and FY 2001, seven loans, totaling \$1,878,000, were provided to relocate businesses and to renovate and expand buildings in downtown Westminster. The city has also seen \$610,000 invested through seven Neighborhood BusinessWorks grants, which are highlighted in more detail in the table below.

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 1997	Coffey Music	Relocation for the expansion of a musical supply and instruction store into a vacant building.	Loan	\$325,000
FY 1998	Paradiso Italian Restaurant	Expansion of a downtown restaurant, by the purchase of and extensive repair and restoration to a vacant building which had suffered decades of neglect.	Loan	\$250,000
FY 1998	Stone Building	Revitalization of an historic downtown building for retail and office occupancy.	Grant	\$75,000
FY 1998	Harry's Main Street Grille	Expansion of existing downtown restaurant, Harry's Main Street Grille, which is a third generation business that celebrated its 50th anniversary in 1996.	Loan	\$212,000

Fiscal Year	Project Name	Description	Funding Type	Funding Amount
FY 2000	Wantz Building	Acquisition and extensive external and internal renovations to an underutilized, three-story, mixed-use commercial landmark building, built in the downtown area in 1892.	Loan	\$400,000
FY 2000	Admarket, Inc.	Acquisition and renovation of vacant commercial building for relocation of advertisement agency offices and four additional spaces for retail, office and residential use.	Loan	\$77,000
FY 2001	Kohn Design & Printing	Acquisition and conversion of the vacant, former U.S. Post Office, to house Kohn Design and Printing and various professional offices.	Loan	\$414,000
FY 2001	Main Street Laundry	Construction of new building and purchase of a vacant lot, to relocate and expand a laundromat, Main Street Laundry.	Loan	\$200,000
FY 2001	Carroll Theater Phase I	Phase I renovation of the historic former Carroll Theater. This initial Phase involved lead paint and asbestos removal, as well as the installation of accessibility items.	Grant	\$150,000
FY 2002	Carroll Theater Phase II	Final phase of the renovation of the Art Deco movie theatre, formally known as the Carroll Theatre, to serve as an active community arts center. This project was referred from the Community Legacy Program.	Grant	\$100,000
FY 2002	Westminster Downtown Façade Restoration Program	Funds used as grants to downtown businesses to improve the signage and façades of their businesses.	Grant	\$100,000
FY 2004	Westminster Downtown Façade Restoration Program Modification	Increase in original grant amount for additional façade improvements.	Grant	\$35,000
FY 2006	Westminster Façade Improvement	Phase II of façade improvements downtown.	Grant	\$75,000
FY 2007	Downtown Westminster Façade Improvement Project	Modification of earlier grant for additional funding and a three year extension for Phase II of façade improvements downtown.	Grant	\$75,000
TOTAL				\$2,488,000

Source: Department of Housing and Community Development


IV. OBSERVATIONS AND RECOMMENDATIONS

OVERALL IMPACT OF THE COMMUNITY LEGACY PROGRAM

The first and most overarching category of observations and recommendations relates to the overall value of the Community Legacy program. The NCSG team's observations in this regard demonstrate the role the program plays in a community's larger revitalization effort. There are three recommendations included in this category.

OBSERVATIONS

Program Impacts. It is clear that the Community Legacy program is having an impact on existing communities across the state. While the impacts vary from community to community, they all tend to fall into one of three categories:

1. The first includes the direct impacts of the Community Legacy grants and loans. Examples of these include the installation of streetlamps in Westminster, the renovation of the Reckord Armory in Bel Air, the demolition of the McCrory's building in Hagerstown, the installation of an elevator in Salisbury's Chipman Cultural Center, the placement of signs and planters along the retail corridor of Havre de Grace, and the rehabilitation of homes in Lexington Park.
- 

The Reckord Armory in Bel Air was renovated in part by nearly \$450,000 in Community Legacy funding received in 2004 and 2006. Photo courtesy Town of Bel Air.
2. The second category includes the indirect impacts of the Community Legacy funded projects. These include reductions in crime rates, increased homeownership rates, improved pedestrian safety, increased business activity, a heightened sense of community pride and public engagement, increased home values, new entertainment and recreational opportunities, and a neighborhood's improved aesthetic appeal. Though award recipients often indicate that these impacts have occurred, rarely are data collected to demonstrate these impacts.
 3. Catalytic impacts make up the final category. Though tough to claim any single type of positive impact is more important than another, the catalytic impacts of the Community Legacy program are probably the most significant. These impacts ensure a greater return on the state's investment in Maryland's communities and include investments from other government programs, the private sector, and non-profit organizations as a result of Community Legacy funding or a Community Legacy funded project. Catalytic impacts also include additional revitalization efforts that are spurred by a Community Legacy funded project. The NCSG team witnessed these impacts in communities throughout the state.

As a clear indication of the importance of the Community Legacy program to local revitalization efforts, recipients in some communities viewed Community Legacy funds as “but for” money – that is, “but for” the Community Legacy money, the community could never attempt a certain project. Others, however, viewed Community Legacy funds as “the last dollar in,” or the gap financing that made the difference between a partially-funded project and a fully-funded project.

In either case, communities often cited the catalytic effect of Community Legacy projects, describing how they often sparked other private sector improvements nearby. In Westminster, for example, one official estimated that the ratio of private investment to public financing on Community Legacy funded projects was as high as 12:1. In Hagerstown, a small Community Legacy sidewalk project sparked a much larger associated sidewalk project jointly funded by the state and city, as well as through private investments. In Bel Air, the renovation of the Armory was the impetus for retail stores in a previously quiet end of downtown.

Communities visited for this study generally showed positive change directly as a result of Community Legacy investment and indirectly as other improvements have been made or started in the vicinity of the Community Legacy projects. As a result, many of these communities have begun to move to a more “Smart Growth” development pattern that features mixes of uses and more vibrant, attractive, walkable downtowns. Long neglected areas, such as housing or street rehabilitation, have suddenly received much needed attention due to this program. Landmark projects financed with Community Legacy funds, such as the new waterfront park in Leonardtown, are likely to provide long-term benefits to the surrounding community.

Here is a short list of some of the impacts we have observed in the communities selected for this study (these and additional outcomes and impacts are more thoroughly discussed in the community profiles included in Section III of this report). These examples are intended to demonstrate three outcomes: 1) tangible impact; 2) indirect spillover effects; and, 3) diversity of uses.

- **Bel Air** – Renovated historic Reckord Armory downtown as a cultural center that has become important to the fabric of the community.
- **Brentwood** – Acquired and rehabilitated an underutilized warehouse to build a community arts center that includes artists’ studios and a small art gallery is an integral piece of the Gateway Arts District’s revitalization efforts to bring economic development to the region through the arts.
- **Cambridge** – A Neighborhood BusinessWorks loan allowed the purchaser of an abandoned downtown building to convert the ground floor into a deli and coffee shop and the second floor into the owner’s private living quarters. Downtown streetscaping has sparked redevelopment of other empty commercial buildings and second floor loft apartments.
- **College Park** – Purchased and demolished buildings on three adjoining properties along U.S. Route 1. The properties will be sold to a developer to build an extended stay hotel.
- **Mount Rainier** – Renovated a building to house a regional center for arts education and training for people of all ages as well as provided streetscape improvements in the heart of the city.
- **Hagerstown** – Acquired and demolished a building adjacent to the new University System of Maryland building in the heart of downtown and developed University Plaza, a public park used for concerts and other events.
- **Havre de Grace** – Paid for streetscaping throughout the downtown. Also provided operating funds for the city’s Main Street corporation, which has been critical to downtown revitalization.

- **Leonardtown** – Demolished and removed derelict buildings on the city’s historic waterfront and replanted nearby wetlands. The city has subsequently built a beautiful new waterfront park. Investor confidence has adjacent residential development and redevelopment and helped fill 14 vacant downtown buildings with restaurants and stores.
- **Lexington Park** – The derelict Cummings Electric building has been demolished and removed and the vacant property offered for parking for a nearby fast-expanding dental practice.
- **Salisbury** – The city constructed a “Boundless Playground,” which attracts disabled children not only from Salisbury, but from elsewhere on the Eastern Shore.
- **Southeast Baltimore/Patterson Park** – Acquired, renovated and sold residential properties along Decker Avenue and Port Street, made commercial facade improvements in Library Square, and provided incentives for commercial revitalization along Eastern Avenue.
- **Southwest Baltimore/Bon Secours** – Provided 59 low income home owners with grants ranging from \$5,000 to \$10,000 to make necessary repairs, such as fixing roofs, installing heat, and repairing hot water heaters.
- **Westminster** – Helped build a downtown pocket park and bring adjacent businesses into ADA compliance. The park, which features a large mural and a small stage, has been the site for numerous events and activities, including a popular concert series.

Several local officials expressed appreciation for being required to create a Community Legacy Plan before submitting an application for funding. In these communities, the plan guides their revitalization efforts and helps ensure their projects remain focused on the communities’ larger goals. Ultimately, these plans may be the reason the Community Legacy program has so successfully served as a stimulus for other revitalization efforts and resulted in the positive impacts reported by funding recipients.

Flexibility is Key. Community Legacy is a very good program and, according to recipients interviewed for this study, may well be one of the most effective tools among the state’s various revitalization strategies. Community Legacy and the Neighborhood BusinessWorks programs are the state’s only two neighborhood-focused investment strategies. Their popularity is a reflection of the flexibility that is intrinsic to the Community Legacy approach, the complementary uses of Neighborhood BusinessWorks loans and grants, as well as the commendable efforts by DHCD staff to coordinate with their counterparts in other state agencies that provide companion revitalization assistance.



The Brentwood Arts Center received Community Legacy funding originally intended for a nearby project that had stalled.

Most communities indicated that the program was vital to their efforts. The principal reason is the inherent flexibility in the variety of projects for which communities may apply to use Community Legacy funds. Community after community cited the “flexibility” of Community Legacy funds as the primary reason for the program’s effectiveness and popularity at the local level. The broad array of uses in just the 12 site visits that were subject to this study – home rehabilitation; crosswalk construction; park and playground construction; adaptation of historic structures to meet

ADA requirements; demolition of derelict buildings; market studies; façade improvements; development of public parking lots and/or pedestrian plazas; and much more – attest to the flexibility and versatility of this state program.

The one area in which the NCSG team found the Community Legacy program could be more consistent in its flexibility is in allowing award recipients to transfer funds from one project to another. With DHCD approval, the Gateway CDC in Prince George’s County, for example, was able to shift funds from a project that was stalled to another that had already received partial funding from DHCD. But officials in another Community Legacy Area were frustrated when they weren’t allowed to divert funds that were no longer needed when a property’s ownership changed hands. Similarly, another award recipient has funds earmarked for façade improvements, but would prefer to use it for another related purpose because commercial interest in the program has not been as high as anticipated.

DHCD staff notes that Community Legacy agreements are legal agreements and, as such, cannot always be easily changed or adjusted. DHCD policy, however, is to assist with modifications where permitted.

Certainty. In the end, what most communities said they desired throughout the application-to-completion process was certainty. This desire for certainty underscores each of the remaining themes in this section: funding, timing, application process, and interactions with staff at DHCD. Applicants want to know clearly when they may apply, what the rules are, and when to expect the money if they are approved. Despite regular training offerings by DHCD staff, uncertainty, particularly in the application-to-award process, sometimes undermines the community’s greater revitalization effort.

Positive Image. Communities liked the “positive image” implied by the title and purpose of the Community Legacy program. Officials in more than one community contrasted this positive attribute with the negative connotations associated with a previous crime prevention program that devoted state resources to areas designated as crime “Hot Spots.” Even if the purpose and associated funding for the “Hot Spot” program was well-meaning, local officials said being labeled a “crime Hot Spot” alarmed citizens, embarrassed local officials, and scared away potential community investors. In short, the lesson for the state is that it is important how state programs are named and that the names can be either helpful or harmful to those the programs are intended to assist.

RECOMMENDATIONS

- DHCD sometimes permits awards to be modified. But, to the extent these legal agreements allow, DHCD could be more flexible in allowing recipients to reallocate awards to other related revitalization projects when Community Legacy funding for a particular project is no longer required or usable. The recipient should be required to explain why the funds are no longer necessary for the original project, how it anticipates using the funds on the new project, and (if the original project was unsuccessful) how the new project will not suffer the same fate as the original. At the very least, DHCD should clearly communicate the criteria by which it judges a recipient’s request to transfer funds to another project.

- While the name “Community Legacy” evokes positive reactions, the state needs to be more sensitive to how communities respond to the way it names and characterizes its current and future programs.
- DHCD should continue to require all applicants to develop and maintain a Community Legacy Plan before submitting an initial project application. Though it creates additional work upfront for applicants, the plan forms a basis for larger revitalization efforts across the community and helps ensure the catalytic nature of the Community Legacy program.

FUNDING

The next major category of observations and recommendations relates to the award of funds – both grants and loans – provided through the Community Legacy program. The NCSG team identified a number of funding issues, particularly with regard to the level and type of funding. As a result, the team has presented 15 funding-related recommendations.

OBSERVATIONS

Amounts of Funding. Not surprisingly, the chief complaint about the Community Legacy program is that there has never been enough funding available to meet more of the state’s revitalization needs. The program has offered an average of about \$6 million a year, considerably down from the \$10 million in its first year and particularly low in Fiscal Years 2005 and 2006.

Community Legacy Funding History

Fiscal Year	Applications Received	Projects Funded	Amount Requested	Amount Available
FY 2002	90	82	\$101 million	\$10 million
FY 2003	70	43	\$46 million	\$6.5 million
FY 2004	68	75	\$30 million	\$8.9 million
FY 2005	58	62	\$17 million	\$5.25 million
FY 2006	59	55	\$32 million	\$5 million
FY 2007	74	73	\$26 million	\$6.5 million

Source: Department of Housing and Community Development

Compounding the problem of a shortage of funds has been an apparent effort by the state to spread the available funds thinly among many projects in many locations, rather than concentrating larger sums on fewer but costlier projects. As a result, the average project award has fallen from a high of \$151,162 in FY 2003 to less than \$91,000 in each of the last three years. This spreading of limited resources has given rise to complaints in the communities subject to this study that the program has become too “politicized” by the governor’s office (as opposed to by DHCD) in an attempt to give something to everyone. Community development officials in some locations, such as in the Patterson Park area of Baltimore City, for example, contend the money would be better spent if awarded in large sums to a smaller number of projects rather than small amounts over multiple years. Belvedere Square, they say, is a success story of the state “putting all of its eggs in one basket” in a single year.

In 2002, the first year of the program, 52 Community Legacy areas were designated. While some areas have been subsequently combined or split, the number of areas has steadily increased each year to 89 areas in 2007. DHCD staff is understandably sensitive to this issue, knowing that if awards are concentrated in only a few communities, DHCD, the governor, and/or the state in general will be criticized for ignoring the legitimate needs in other places. How this dilemma is ultimately resolved should be a policy question for DHCD staff, but one that should be guided by asking which of the two approaches is the most effective way of achieving the revitalization goals for which the Community Legacy program was established.

Receiving Less Funding than Requested. One reason the Community Legacy program has been effective is that it is a competitive program. But, because of that, recipients often do not receive as much funding as requested. This has two adverse effects: (1) Knowing that funding requests are likely to be cut, local applicants sometimes admit they intentionally inflate their requests in an attempt to assure they will obtain enough money for their projects even if the request is cut; or, (2) applicants who asked for precisely the amount needed to complete a project suddenly are unable to do so, or at least they cannot do as originally planned, when their requested amount is arbitrarily reduced. This uncertainty makes it very difficult for local applicants to plan and makes the Community Legacy program a less reliable source of funds.

Changing Priorities. The third funding problem identified by local recipients is what they see as “arbitrary decisions” by DHCD to choose one among several of a community’s requested projects, but without necessarily picking the single project the community considers its top priority. According to DHCD, communities rank the priorities of their projects through the on-line application process. If through the inter-agency review and ranking process, it is believed that the higher priority projects are not yet “ready to go,” then it is likely that other projects that are deemed more “ready to go” or that will finish initiatives currently underway will receive a higher ranking. DHCD staff acknowledges that it should help community partners better understand how proposals are reviewed and rated.

Grants vs. Loans. It will come as no surprise that local Community Legacy applicants almost always prefer grants over loans, and prefer loans that will eventually be forgiven over loans that have to be repaid. In 2007, for example, DHCD reports that:

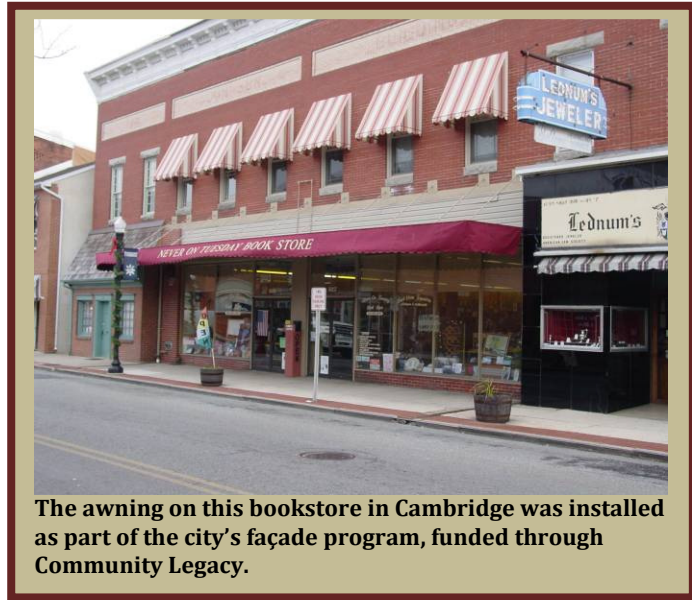
- 63 percent of the projects requested grant funding (\$16,350,543);
- 20 percent requested a combination loan and grant funding (\$5,368,207); and,
- 17 percent requested loan funding (\$4,309,000).

DHCD staff insists, however, that the choice is generally left to the applicant and that loans are converted to grants, or otherwise forgiven, when possible. Still, more than one recipient complained that in recent years the state converted grants into loans without their approval. In other cases, some communities said that when they received a combination grant/loan award, they accepted the grant portion but returned the loan portion. Others indicated that they have felt pressured to apply for loans or that they had the impression that applying for loans would increase their likelihood of receiving funding.

In cases in which loans were given with the expectation that they would be forgiven once the project was completed, recipients complained of having to keep the loan “on the books” for 10 years or longer even though there was little if any likelihood they would ever have to repay it. This is a particular nuisance for non-profit CDCs with relatively small budgets and whose existence 10 or 20 years down the road may be in question. DHCD staff says that because these loans are binding legal agreements, these changes are difficult, if not impossible, to make.

Of further concern regarding loan awards were the terms of the loans and the associated fees. While most Community Legacy loans are patient loans with long terms, a balloon payment, and a zero percent interest rate, at least one loan recipient, the City of College Park, said they had to repay a loan within nine months of withdrawing the funds to avoid being in default. As a result, College Park repaid its loan for “wayfinding” signage before a single sign was installed. DHCD staff notes that all awardees have an opportunity to read and review their agreements before signing.

The financing fee attached to loan awards also irked several recipients. Typically 2.5% of the loan amount, the fee simply served to reduce the award amount for the recipient. DHCD has only recently decided to no longer assess this 2.5% fee, but word of this decision apparently has not yet reached former recipients or future applicants.



Façade and Home Rehabilitation Loans. The reluctance to accept loans may have more to do with the purposes for which the money was sought or the terms that apply to the loan than simply an aversion to repaying debt. In several cases, recipients said the money offered as loans was intended for purposes that made repayment difficult, such as for façade improvements (often for stores rented from others) or residential building rehabilitation projects. In at least one case, a recipient said her community sought a grant to establish a revolving loan fund for housing rehabilitation, but could not use a loan for the same purpose because there was no revenue stream for repayment.

Two other observations about housing rehabilitation work:

- One community said it applied for Community Legacy funds for a housing rehabilitation project, but instead received funds from the Maryland Housing Fund and HOME program operated by DHCD's Community Development Administration. When the funding documents were received, the recipients discovered that use of the funds was limited by income – a restriction that does not apply to Community Legacy projects. The community said these income restrictions created problems in finding clients who could meet the income restrictions and still afford to buy houses that had been purchased and rehabilitated. Because of these income restrictions, the community was only able to extend this program to families in two houses, they said.
- Other communities said they often use Community Legacy funds for housing rehabilitation or improvement programs, but because limited funds can only address the needs of a few houses each year, they have to reapply for essentially the same program year after year in order to make improvements to more houses.

Phasing Projects. Several communities expressed appreciation that DHCD allowed projects to be completed in phases over several years, often through the award of a series of Community Legacy grants. As long as DHCD opts to spread Community Legacy money to many recipients rather than concentrating funds on only a few, more expensive projects, communities recognize that

completing projects in phases may be their only alternative. The risk of this approach, however, is that once a project is underway, it could be left incomplete if funding for future phases is either denied or substantially reduced.

In addition to permitting the phasing of projects, several communities also expressed appreciation with DHCD's "patience" when projects encountered unexpected obstacles, such as a shortage of bidders, the unavailability of contractors willing to do small jobs, or other temporary setbacks. This "patience" was seen as a common sense element of the Community Legacy program that contributed to its effectiveness.

Allied Programs. In general, communities do not see the Community Legacy program as a central source of funding for their overall revitalization effort, but rather as a critical piece of a larger funding pie. As mentioned above, Community Legacy funds are sometimes seen as the money needed to get a project launched; and at other times it is seen as the money to get a project completed. In virtually all cases, Community Legacy funding is used in concert with a broad array of other programs, among them:

- Other DHCD funded programs, such as the Neighborhood BusinessWorks Program, the Maryland Housing Rehabilitation Program, and the Local Government Infrastructure Financing Program;
- The Main Street program;
- Community Development Block Grants;
- Program Open Space;
- Community Parks & Playgrounds;
- Historic Preservation Tax Credits;
- Allied programs from state agencies, such as landscaping, sidewalks, crosswalks, curbs, and signage improvements by the State Highway Administration;
- Lead paint remediation programs;
- Appalachian Regional Commission;
- Waterway Improvement Program; and,
- Maryland Heritage Area Authority.

In order to receive Community Legacy grants or loans, communities are not required to obtain or provide matching grants, but many do. DHCD staff says those that do are more likely to receive awards. The City of Salisbury, for example, received a \$200,000 matching grant from the Perdue family for its Boundless Playground project, for which it received \$100,000 from the Community Legacy program. Some communities also provide matching grants through "in-kind" donations of services or manpower.

Work with Other Agencies. Because Community Legacy recipients often seek funds or revitalization designations from DHCD's sister agencies in state government, there is a desire at the local level to see better cooperation among the state agencies in dealing with a single community.

One community, for example, said it was a Community Legacy Area, a crime "Hot Spot," a Department of Business and Economic Development "Focused Enterprise Zone," and designated to receive other targeted state aid, but that because each program has its own focus and statutory requirements, the community had to reapply for each program as if the other designations did not exist.

In Leonardtown, a community that was designated as a “Priority Place,” officials said that while that designation did not come with any new funds attached, it did succeed in getting various state agencies to sit at the same table to discuss how they could work together to help the local community achieve its goals.

One program frequently used by communities in their revitalization efforts is the State Highway Administration’s Neighborhood Conservation Program, which provides funding for transportation improvements that promote revitalization efforts. Streetscaping is an example of a type of project funded by this program. While this program complements Community Legacy efforts and SHA usually prioritizes projects integrated into revitalization efforts, these programs do not always work in tandem.

RECOMMENDATIONS

- DHCD should stop or at least suspend for several years the creation of new Community Legacy areas. As originally envisioned, the program would be targeted to a much smaller number of revitalization areas. By designating too many Community Legacy areas, it is difficult for DHCD to provide sufficient funds to cover the costs of many local projects. This is doubly true in years when the total amount of Community Legacy funds has declined. Community Legacy should emulate the approach taken by the Rural Legacy program after which it was initially modeled. Rural Legacy’s advisory board decided early on to limit the total number of designated Rural Legacy areas in order to concentrate future funding in just those areas.
- DHCD should convene a meeting with past recipients to discuss the issue of whether it is better to provide large grants for a few projects or small grants for multiple projects. It may be possible in future years for the overall Community Legacy appropriation to be divided into two pots, one for large grants to a few projects and the other for multiple small grants to many projects.
- After DHCD makes initial funding decisions, if the amount to be awarded is less than requested, DHCD staff should open a dialogue with recipients to collectively decide the best use of that funding. DHCD staff says it already does this, but interviews indicate this process could be improved.
- If projects are being selected from among several proposed by a locality as a means of meeting broader statewide goals (e.g., creation of more affordable housing), then DHCD should do a better job of making such goals clear at the time the window opens for a new year’s applications.
- DHCD staff should help community partners better understand how proposals are reviewed and prioritized.
- Unless a project has a clear revenue stream that would be available to repay loans, the Community Legacy program should offer grants rather than loans whenever possible.
- Grant requests should not be converted to loans without the concurrence of the recipient. DHCD staff says it already does this, but interviews indicate this process could be improved.
- DHCD should not substitute housing programs that have income restrictions for Community Legacy funds without prior consultation with and approval of local recipients. One reason communities like to use Community Legacy funds for housing projects is that DHCD does not impose income restrictions on the use of the funds, as do Community Development Block Grants or other federal grants provided by the U.S. Department of Housing and Urban

Development. When income restrictions are imposed, they often make it difficult for a community to implement the housing program it planned.

- DHCD should rethink the way ongoing housing rehabilitation programs and façade improvement programs are funded. For example, DHCD could set aside a certain portion of Community Legacy Funds for ongoing or recurring projects. Or, perhaps it would be best to fund housing rehabilitation through DHCD’s Maryland Housing Rehabilitation Program, but as grants instead of loans. Either way, it seems these programs should be treated differently than revitalization funding used in one-time projects like acquisition, demolition or rehabilitation of a specific building.
- DHCD was the first revitalization program to offer an online application form, which already simplifies the process of re-applying for funds. Nevertheless, applicants with experience applying for programs that are funded across several years say a shorter application form should be offered. For programs DHCD and/or applicants intend to fund in phases, the department should require a holistic application when applying for Phase I and allow applicants to submit a shortened application form for each subsequent phase. This would decrease the amount of paperwork for both the applicant and DHCD.
- DHCD’s current policy is to encourage Community Legacy applicants to identify government, non-profit or private matching grants whenever possible and give higher ratings to those applications that do so. DHCD should continue this practice.
- In its training for Community Legacy applicants or recipients, DHCD should continue to make sure that potential recipients are aware of the full range of other state programs that might be available to work in concert with the Community Legacy project.
- Since Community Legacy funds may not be used for crosswalks, sidewalks, or similar projects along state highways that are the responsibility of the State Highway Administration (SHA), DHCD should continue to work closely with SHA to ensure that it cooperates with local Community Legacy recipients to coordinate projects. Otherwise, as is the case in Havre de Grace, communities may end up with improvements on one side of a street and not on the other.
- Through the Community Legacy process, DHCD already pulls together multiple state agencies to sit together to regularly to review the broader revitalization needs of specific communities, much in the way the Priority Places program helped the community of Leonardtown. But this often internal coordinating effort is frequently unknown to local recipients. DHCD should make sure local recipients not only know of these coordinated discussions, but should be made aware of the results of this coordination.
- DHCD and its sister state agencies should review criteria of similar programs (e.g., Community Legacy, Main Street, Enterprise Zone, SHA Neighborhood Conservation Program, etc.) to eliminate redundancy and determine if more expedited multiple designations could be made.

APPLICATION AND APPROVAL PROCESSES

The third category of observations and recommendations touch on the Community Legacy application and approval process. Based on its discussions with recent applicants, the NCSG team has identified seven recommendations to improve these processes for both applicants and DHCD.

OBSERVATIONS

The Application. DHCD received high marks from some community applicants for “hand-holding” them as they prepared their applications, for making site visits before and after Community Legacy grants were awarded, and for answering questions posed by applicants. In fact, there seemed to be a correlation between the amount of interaction an applicant had with DHCD during the application process and the how positive the applicant viewed the process. Those who had limited interactions with DHCD during the application process were more likely to find the application process burdensome, express concern over their approach to prioritizing their projects, and question the DHCD decision making process.

While it was noted that the Community Legacy application had been both streamlined and was the first revitalization program to offer an online application form, there were nevertheless a variety of relatively minor, yet bothersome, complaints about how the electronic filing form works. One community recipient said the form functions as if a computer technician developed it rather than a “user” with experience in grant writing and community revitalization efforts. Among the complaints: arbitrary limits on how much text can be submitted in certain parts of the form; that the electronic form sometimes “times out” before the applicant can complete it; that a paper submission is still required to go along with the electronic submission; that it is difficult to attach the required maps; that the flow of the application is not user friendly; and that some of the questions continue to be redundant.

Estimating Project Impacts. Despite concerns about how the electronic application works, most applicants thought the application itself was relatively fair – no more or less burdensome than applications for other grant programs they use. Representatives of one Community Legacy Area, however, candidly expressed concern over the application’s “Project Impact Data Sheet,” which asks applicants to estimate each project’s impact in 28 different categories. Some of the categories, such as “number of linear feet of streetscapes that will be improved,” are relatively easy to calculate when applicable. Others, such as “annual increase in sales (for retail and commercial activities),” could be difficult, costly or impossible to estimate. If most applicants are simply guessing at the impacts, it would be disconcerting if these values play a role in DHCD’s application review and ranking process, as the instructions on the data sheet suggest.³ It seems only likely that applicants will inflate these numbers to make their projects look better relative to another applicant’s. Conversely, applicants will surely worry that if they say none of these impact categories are applicable, they may be putting their application at a disadvantage. DHCD, however says it does not consider this information as part of the application review and ranking process, but rather uses it to evaluate the extent to which projects achieve their outcome goals.

Timetable. Recipients consistently complained that the timetable for offering Community Legacy grants, the application deadline and the actual award of grants was routinely inconsistent. Problems were cited at both ends of the process. At the beginning, the time between the date the “window opened” for applications and the date the applications had to be submitted was too short for some communities, which said they did not have time to adequately gather estimates, letters of support and draft a compelling narrative by the time the application was due.

³ Of the applications reviewed by the project team, those for FY 2004 and beyond include a Project Impact Data Sheet that indicates “the impact will be a consideration in the review and ranking of your application.”



In College Park, Community Legacy funding has been used to install pedestrian-friendly street lamps along U.S. Route 1.

Then, at the other end, a far more frequent complaint was how long it took before communities actually received an award once the state decided who the recipients would be. In one case, a recipient said it had to wait as long as two years between submitting an application and actually receiving funds. A number of communities said the process became increasingly “politicized” during the previous administration and that in some cases Community Legacy awards could not be handed over until the governor himself could schedule a public announcement. Waiting for that to happen often delayed the award so long that estimates of project costs became out-of-date or business deals fell through. Some communities said they decided the wait was so long it wasn’t worth the trouble they had taken to apply. This issue is an even larger obstacle when the award does not match the requested funding, and requires the applicant to find additional funding to support the project.

This complaint was particularly apparent on projects in which local governments were asked to attest that the project was “ready to go.” One community said if they had known they might have to wait a year or longer for funding for a “ready to go” project, they might have not tried or looked elsewhere.

The Maryland Historic Trust. Community Legacy is a program that is often used to help revitalize or rehabilitate older areas with historic buildings. Even though DHCD staff says it routinely coordinates with the Maryland Historic Trust, some local recipients say they do not automatically receive Maryland Historic Trust approval despite receiving funding approval from DHCD.

Local Approval. One procedural change that has been helpful, however, was the decision to allow communities to submit applications without having to first obtain required resolutions of support from all applicable local governing bodies. Before this change was made, communities said it was often nearly impossible to get such resolutions approved by a governing body in time to meet DHCD deadlines because the DHCD timetable and the schedule of local government meetings did not mesh.

RECOMMENDATIONS

- DHCD should convene a meeting with past Community Legacy recipients to jointly design a new, more user-friendly electronic application form.
- DHCD staff already makes site visits as part of the ranking process and again after awards are made. DHCD should not underestimate the value of making these site visits as a means of improving the projects and fostering better state-local relations. In communities that have been recipients of multiple Community Legacy awards, DHCD should schedule all-day site visits with half the day devoted to reviewing completed or on-going projects and half devoted to discussing new ones included in the current application for funding.

- Communities should be informed of their awards and gain access to the associated funds as soon as the decisions are finalized. The intention here is to not delay a desirable project and to ensure the recipient has time to modify its budget and seek additional funding, if necessary. The governor or the secretary of Housing and Community Development can still visit the community to make a major announcement of a Community Legacy award (in fact, doing so could help to promote the program), but doing so should not delay a project from moving forward.
- DHCD should not simply reference the timeline submitted with an application as the timeline associated with the award. For some of the shorter term loans, it is possible that delays in the award announcement could mean a loan is in default shortly after the funds are drawn. If DHCD does not fund the project in full, the unplanned process of finding additional funding could further jeopardize the timeline. Therefore, prior to signing an award agreement, DHCD and the award recipient should collaborate to reevaluate the project timeline as appropriate. DHCD staff says it already does this, but interviews indicate this process could be improved.
- DHCD should have a better understanding of what impact its decision to not fully fund a request will have on a project's feasibility.
- DHCD should share the burden with the applicant of demonstrating project feasibility and seek preliminary approval from other state agencies, as appropriate. If another agency, such as the Maryland Historic Trust, is likely to object to a specific project, DHCD should be aware of this before approving Community Legacy funding for that project whenever possible. DHCD staff says it already does this, but interviews indicate this process could be improved.
- When projects otherwise approved by DHCD are later halted by another agency's approval process, DHCD should help the applicant identify other opportunities to use the awarded funds.

DHCD STAFF

The fourth collection of observations and recommendations relate to Community Legacy staff at DHCD. The two opportunities for improvement here focus on the need to develop strong relationships between DHCD and each award recipient.

OBSERVATIONS

Staff Turnover. Community Legacy recipients interviewed for this study consistently praised the hard work and dedication of the Department of Housing and Community Development staff. The staff was described as helpful, committed to the purposes of the program, patient with unexpected changes or delays, and willing to be flexible.

Despite such praise, local recipients expressed concern about sometimes rapid turnover among their DHCD staff liaisons. Replacements, they said, often had to be brought up to speed on pending projects, were unfamiliar with how the process worked, or were inexperienced in dealing with non-profit groups. One city reported having five or six different Community Legacy program managers since the program began in 2002.

DHCD staff is well aware of this problem, but says it has experienced a problem with retention due to budget cutbacks and hiring freezes in recent years and competitive salaries offered by local governments or other entities involved in revitalization work.

RECOMMENDATIONS

- DHCD should assure that new employees are trained in how Community Development Corporations or other non-profit organizations work, as well as the internal DHCD procedures for processing and awarding Community Legacy grants and loans.
- In submitting the DHCD budget for annual General Assembly review, DHCD should explicitly demonstrate the problems the department is facing that are associated with salaries, retention and turnover.

NEIGHBORHOOD BUSINESSWORKS PROGRAM

In addition to a review of the Community Legacy program, the NCSG team was also asked to look at the Neighborhood BusinessWorks Program. Due to the shortened timeframe for this study, however, it was not possible to conduct more than a handful of interviews with Neighborhood BusinessWorks loan recipients.

OBSERVATIONS

From 1996 through 2007, the Neighborhood BusinessWorks program provided more than \$19.0 million in grants and nearly \$47.8 million in loans to small businesses, local development corporations, and nonprofit organizations across the state. Total allocations generally declined from a high of \$8.0 million in FY 2001 to a low of \$2.7 million in FY 2006. The program rebounded, however, in FY 2007, when it allocated \$5.7 million in grants and loans. The table below shows the cumulative totals over the program's history.

Neighborhood BusinessWorks Funding History

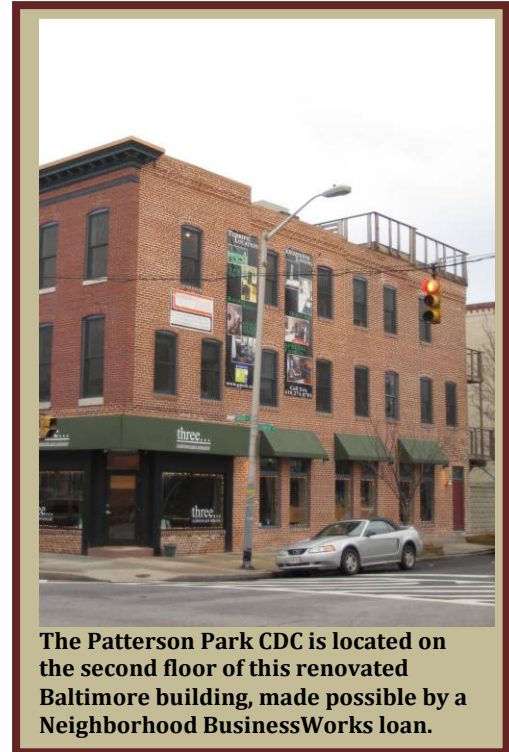
Fiscal Year	# of Grants	Total Amount of Grants	Average Grant Amount	# of Loans	Total Amount of Loans	Average Loan Amount
FY 1996	14	\$1,051,500	\$75,107	19	\$4,890,100	\$257,374
FY 1997	16	\$2,021,563	\$126,348	38	\$5,515,951	\$145,157
FY 1998	18	\$1,229,326	\$68,296	29	\$5,539,060	\$191,002
FY 1999	15	\$3,035,518	\$202,368	22	\$4,957,650	\$225,348
FY 2000	22	\$1,557,571	\$70,799	25	\$5,427,400	\$217,096
FY 2001	22	\$1,930,000	\$87,727	30	\$6,066,930	\$202,231
FY 2002	17	\$1,565,000	\$92,059	24	\$4,419,570	\$184,149
FY 2003	15	\$925,000	\$61,667	7	\$2,390,504	\$341,501
FY 2004	12	\$447,678	\$37,307	10	\$2,278,395	\$227,840
FY 2005	14	\$578,000	\$41,286	17	\$2,567,430	\$151,025
FY 2006	15	\$875,200	\$58,347	12	\$1,784,167	\$148,681
FY 2007	64	\$3,788,000	\$59,188	9	\$1,914,248	\$212,694
TOTAL	244	\$19,004,356	\$77,887	242	\$47,751,405	\$197,320

Source: Department of Housing and Community Development

Business owners and nonprofit leaders interviewed for this study generally agreed that their projects would not have been possible without the benefit of the funds received through the Neighborhood BusinessWorks loan program. Many noted the synergistic impacts using

Neighborhood BusinessWorks and Community Legacy together. In Bel Air, the Bel Air Downtown Alliance used Neighborhood BusinessWorks funding to award grants to business owners downtown for façade improvements. The simultaneous renovation of the Armory and façade improvement construction allowed Bel Air to pursue a holistic revitalization approach. Further, the concurrence of these two programs gave residents, business owners, and investors the feeling that a lot of revitalization was incurring. This sense incited a great deal of investment in the downtown area, as a result of the synergistic effect of Neighborhood BusinessWorks and Community Legacy. Directly stemming from the Neighborhood BusinessWorks grant, some business owners renovated their façades on their own before Bel Air even received or distributed funding because they were so excited about the idea.

The program had a similar effect in Westminster. Since the program's inception in 1996, local businesses have received nearly \$2.5 million in Neighborhood BusinessWorks funding, most of which was in the form of loans directly to business owners. The non-profit Westminster Town Center Corporation, however, received \$285,000 for a façade improvement program. The program's initial round of funding – two grants totaling \$135,000 – directly resulted in 15 façade improvements, however it leveraged private investment at a rate of 9:1. This private funding resulted in another 31 façades being renovated. Since 2002, the façade program has directly or indirectly resulted in 53 façade improvement projects. Two of the original projects were for buildings adjacent to the Locust Lane park, which was a major Community Legacy project for the city. Working together, funding from the two programs greatly enhanced the park surroundings.



The Patterson Park CDC is located on the second floor of this renovated Baltimore building, made possible by a Neighborhood BusinessWorks loan.



Carol Levy received Neighborhood BusinessWorks funding for "A Few of My Favorite Things," a coffee shop in Cambridge.

In Cambridge, a BusinessWorks loan allowed the purchaser of an abandoned downtown building to convert the ground floor into a deli and coffee shop and the second floor into the owner's private living quarters. This project, in conjunction with other Community Legacy investments and Main Street activities have helped increase street traffic and other business activity downtown.

The visibility of Neighborhood BusinessWorks projects was an additional positive, catalytic impact conveyed by recipients. In 1999, Neighborhood BusinessWorks awarded a loan to Patterson Park CDC to acquire and renovate a vacant commercial

building on the corner of E. Baltimore Street and N. Linwood Street, adjacent to the Patterson Park. The building was renovated to accommodate the Patterson Park CDC on the second floor and a restaurant on the first floor. The prominent location of Patterson Park CDC in the neighborhood amplified impacts and increased awareness of the CDC. The project provided a positive impact on the community by restoring use to a vacant building, which recipients say would have become a liquor store.

Some recipients expressed concern that, similar to the Community Legacy program, there was an emphasis placed on offering loans during the previous administration. In fact, from 1996 through 2002, the average grant was \$66,259 and the average total in grant awards was \$1,770,068 annually; from FY 2003 through FY 2006, while the average grant fell only \$4,827 to \$61,432, the average annual total in grant awards fell 60% to \$706,470. Furthermore, during the latter period, the loans, which were originally intended to be lower interest gap financing that would spur revitalization, had less favorable terms and often were no more attractive than market rate loans, according to one recipient of Neighborhood BusinessWorks funding.

In Havre de Grace, a loan was awarded to acquire and rehabilitate a building for a family restaurant. The business owners sold their business and left town in 2005, and the building is currently vacant. Though the building was renovated and has a positive impact on the community, it is unclear whether a flopped business contributed to revitalization efforts. Further, it is unclear what the implications of this business closing have on the NBW loan.

We were also told that in at least one instance DHCD apparently had funds available at the end of a fiscal year that could be used for NBW loans, but were so late in notifying potential recipients that they could not get their applications submitted in time.

Though some Community Legacy recipients have used Neighborhood BusinessWorks funding for related projects, others had limited knowledge of the program and its relationship to Community Legacy. Some recipients did not think they were eligible for Neighborhood BusinessWorks (and may not have been.)

As evidenced in Westminster, however, the Neighborhood BusinessWorks program appears to work hand-in-hand with the Community Legacy program, but also with a number of other revitalization efforts, such as the Main Street Program and funding from the Maryland Historical Trust. In fact, a Neighborhood BusinessWorks funding recipient in Cambridge said she first learned of the program through the local Main Street Program.

RECOMMENDATIONS

- DHCD should make efforts to educate all grant and loan recipients and applicants about all community revitalization programs. While many communities are aware of the suite of programs and their potential uses, some are not.
- If there are NBW funds remaining unspent at the end of a fiscal year, DHCD should seek legislative authority to roll the funds over for use in a subsequent fiscal year. DHCD staff, however, says due to renewed emphasis on the NBW program, this is unlikely to be a problem in future years.

V. CONCLUSION

Based on the NCSG team's observations, there is no doubt that these programs are having visible, lasting and catalytic effects in the communities where Community Legacy and Neighborhood BusinessWorks investments are being made. Many of these communities have begun to implement "Smart Growth" development patterns that feature mixes of uses and more vibrant, attractive, walkable downtowns. They are building parks and protecting historic buildings. Long neglected areas, such as housing or street rehabilitation, have suddenly received much needed and long overdue attention. Landmark projects, such as the new waterfront park in Leonardtown, are likely to provide long-term benefits to the surrounding community, yet might never have happened were it not for the Community Legacy program.

At a time when Maryland faces unprecedented levels of growth and rising concerns about the fiscal, environmental and social costs of sprawling development, the Community Legacy and Neighborhood BusinessWorks programs are making Maryland's older towns and cities attractive alternatives to the suburban and rural development that has characterized Maryland's landscape for the past half century.

These two programs have survived three different administrations, which in itself can be construed as a testament to their value to neighborhoods across the state. Each administration has put its own fingerprint on the programs: Community Legacy was primarily a grant program under the Glendening administration, but became more focused on loans under the Ehrlich administration. Given the impact these programs appear to be having at the local level and the unmet demand expressed by local governments for more revitalization assistance, increased funding is one way Governor O'Malley could put his fingerprint on these two popular programs.

APPENDIX A: NCSG STUDY TEAM

THE NATIONAL CENTER FOR SMART GROWTH RESEARCH AND EDUCATION

The National Center for Smart Growth is a center for land use research and training, not only in Maryland but in metropolitan regions around the country, and on projects in both China and Europe. The Center has become a leader in efforts to improve Maryland's nationally recognized Smart Growth initiative. Reflecting the cross-disciplinary nature of growth issues, the Center is affiliated with four schools at the University of Maryland: Architecture, Planning and Preservation; Agriculture and Natural Resources; Public Policy; and Engineering.

John W. Frece is Associate Director of the University of Maryland's National Center for Smart Growth Research and Education. He has been a spokesman, policy adviser and writer on Smart Growth issues for the past 11 years, including for seven years on the staff of former Maryland Governor Parris N. Glendening. Prior to that, Mr. Frece was the Maryland State House reporter for *United Press International* and the *Baltimore Sun* for 17 years.

Jason K. Sartori is a principal partner of Integrated Planning Consultants, a firm specializing in planning research, participatory planning, and planning project management. Over the last 11 years, he has led a variety of stakeholder participation, strategic planning, program evaluation, and project implementation initiatives for corporations in the private sector, government agencies, and a number of non-profit organizations. Mr. Sartori has been affiliated with the National Center for Smart Growth Research and Education for the past five years.

Rebecca C. Lewis is a graduate student in the School of Public Policy at the University of Maryland and a Research Assistant at the National Center for Smart Growth Research and Education.

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Report photo credits (unless otherwise noted):

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Cover Photos

Top row:

Sidewalk construction in Hagerstown
Mural on the exterior of the Brentwood Arts Center
A decorative street lamp in Westminster

Middle row:

Pocket park and façade improvements in Westminster
Compass rose waterfront plaza in Leonardtown
Public park in downtown Hagerstown

Bottom row:

Town Center streetscaping in Havre de Grace
Reckord Armory renovation in Bel Air (photo courtesy Town of Bel Air)
“Boundless Playground” in Salisbury