

The first phase of the park improvements, totaling nearly \$11M¹ in construction, runs from Court Street to just past Carroll Street, which is directly east of the proposed project site. This phase introduces new elements to the park, including shared-use pedestrian paths, water features, planters with shade trees and plantings, pedestrian bridges and a 350-seat amphitheater for outdoor performances. Phase two, which began in 2014, focuses on making similar improvements to the area from the Delaplaine Visual Arts Education Center on Carroll Street to East Patrick Street.²

With its proximity to downtown and recreational assets, Carroll Creek Park plays an important role in Frederick's economic development. The multi-million dollar private investment planned along the park is integral to its success as a destination in Frederick. Currently, more than 400,000 square feet of office space, 150,000 square feet of commercial/retail space, nearly 300 residential units and more than 2,000 parking spaces are planned or under construction.³

The following four new construction projects have been developed along Carroll Creek Park. These mixed-use projects represent more than \$30 million in investment and will provide 78 new housing units, 73,000 square feet of Class-A office space, 37,000 square feet of retail space and 225 new parking spaces. More than 300 new jobs are anticipated from the additions.

| Site | Project Name | Capital Investment (millions)* | Office SF | Commercial & Retail SF | Housing Units | Parking |
|---------------|---------------------|--------------------------------|------------------|------------------------|---------------|------------|
| Site A1 | Creekside Plaza | \$12.0 | 45,000 | 15,000 | 11 | |
| Site A2 | La Paz | \$2.0 | | 8,000 | | |
| Site B | South Market Center | \$7.0 | 28,000 | 14,000 | | 25 |
| Site C1 | Maxwell Place | \$12.0 | | | 67 | 200 |
| Totals | | \$33.0 | 73,000 sf | 37,000sf | 78 du | 225 |

**Estimates by Developer*

Excerpt from: Carroll Creek Park Overview.

<https://www.cityoffrederick.com/DocumentCenter/Home/View/1100>

The site, as it exists today, is a conglomerate of parcels that we intend to combine into one cohesive development plan. A few of the existing buildings are considered historic and will be strategically utilized to maintain the original character in the final design plan. Currently, there are small businesses and offices located in the buildings on the site.

¹ RFP 09-J Disposition of Site C-2 Property_Final.pdf

² Carroll Creek Park: <https://www.cityoffrederick.com/index.aspx?NID=169>

³ Carroll Creek Park. <https://www.cityoffrederick.com/index.aspx?NID=169>

| | Lot SF | Gross SF Allowable | Building SF | Building Footprint | Assessed Value |
|-------|--------|--------------------|-------------|--------------------|-----------------|
| C-2 | 16,988 | 67,952 | - | - | \$ 360,100.00 |
| 41 | 4,389 | 17,556 | 8,070 | 4,035 | \$ 956,400.00 |
| 45 | 9,656 | 38,624 | 5,586 | 2,793 | \$ 581,200.00 |
| 47 | 3,808 | 15,232 | 10,048 | 3,349 | \$ 1,246,800.00 |
| 43-45 | 12,186 | 48,744 | 6,240 | 2,080 | \$ 410,133.00 |
| 49 | 4,497 | 17,988 | 6,077 | 3,039 | \$ 289,167.00 |
| 53 | 8,421 | 33,684 | 2,268 | 2,268 | \$ 232,133.00 |
| 55-57 | 6,600 | 26,400 | 4,556 | 2,278 | \$ 349,400.00 |
| 59 | 6,993 | 27,972 | - | - | \$ 186,400.00 |

Site Parcel Inventory

The final development will be a combination of parcels C-2, 41, 45, 47, 43-45, 49, 53, 55-57 and 59. Parcels 41, 45 and 47 were originally used as a wholesale confectionery and bottling works factory. The buildings were renovated in recent years to accommodate small office tenants. The remainder of the buildings is either used as storage space or is vacant.



TRANSPORTATION AND TRAFFIC

Frederick's location at the convergence of several major highways (I-70, I-270, US 15, US 40, and US 340) creates significant congestion problems, but also allows easy access from major cities in the Metropolitan DC and Baltimore areas. The grid of streets makes downtown Frederick easy to navigate and allows for a constant flow of traffic.

According to the 2010 City of Frederick Comprehensive Plan Update, the city's mass transit options - which include MARC and TRANSIT - have seen an uptick in ridership in recent years. Boardings from the county's four MARC stations saw a 25 percent increase between 2002 and 2007.⁴ The Maryland Transit Authority (MTA) operates three eastbound morning MARC trains and three westbound afternoon MARC trains to and from Washington, D.C. The MARC station is located one block from the Hotel 162 site.

In addition to mass transit, bicycling and walking are also popular, car-free alternatives in Frederick. The City hopes to support and promote pedestrian traffic through its Planned Shared Use Path, which consists of a network of 25 miles of paved pathways throughout the city. The Shared Use Path will allow residents to traverse the city without a car, provide a source of recreation and add to tourism. Of the 25 miles planned, eight have been completed, with more under construction or in planning phases.⁵

The City also issued a call for "Complete Streets," in its 2010 Comprehensive Plan Update, urging the transition to streets that encourage pedestrian mobility and promote safety. The City's Comprehensive Plan calls for "streets that are not only used by motorists, but also bicyclists, pedestrians and transit riders, to the extent appropriate to the function and context of each street".⁶

In the development plan of Hotel 162, we plan to improve the street-to-creek connectivity by adding street trees and better sidewalks to East All Saints Street, making it more of a "complete street." The plan will also connect the pedestrian bridge northwest of the site to East All Saints Street through thoughtful design and landscaping.

Lastly, the Frederick Municipal Airport plays an important role in mitigating air traffic in the Baltimore-Washington region, offering general aviation pilots with an alternative to the use of scheduled service airports.⁷ This airport brings in many tourists and business travelers to the city.

⁴ Transportation Choice. City of Frederick 2010 Comprehensive Plan Update

⁵ Transportation Choice. City of Frederick 2010 Comprehensive Plan Update

⁶ Transportation Choice. City of Frederick 2010 Comprehensive Plan Update

⁷ Transportation Choice. City of Frederick 2010 Comprehensive Plan Update

ZONING/REGULATORY PROCESS

The site is zoned Downtown Commercial/Residential (DB) which The City of Frederick Land Management Code designates to “...encourage the development of the Center City’s commercial areas. It allows most office and retail activities as well as high-density residential uses. To encourage the implementation of the objective, certain parking requirements are relaxed for development or redevelopment in this district.” Since the development will be by-right, the review process is anticipated to be relatively straightforward.

We anticipate that the approval process will take approximately a year to complete. Approval from various agencies will be required to move forward with the project, which will include many meetings and submissions to each.

The Planning Commission, consisting of seven members, has final authority in approving site plans, subdivision plats, modifications to the subdivision regulations and determination for Adequate Public Facilities (APFO). The Commission also has an advisory and recommendation role to the Board of County Commissioners on items such as text amendments, rezoning and comprehensive plans.

Because of the complexity of the site, the plans will require review by several other divisions in the city as well. Buildings on the site that are considered of historic importance will be of particular interest to the Historic Preservation Commission. Food services provided in the new development will trigger a review by the Frederick County Health Department.

OVERLAY ZONES

The site’s location is unique in that it is within the Frederick Town Historic District as well as the Carroll Creek Overlay District (CCO). The Historic Preservation Overlay (HPO) zoning is applied to buildings in this district allowing the City to regulate and review the exterior treatment and demolition of new development more rigidly. The design and timeline of the new development will have to consider this added approval process.

Because the project is located within the Frederick Town Historic District, the Historic Preservation Commission (HPC) will also review the project plans. No application for a certificate of approval shall be approved by the HPC unless it finds that the applicant conforms to the standards established in the Frederick Town Historic District Design Guidelines.

Modifications

Should we require modifications to the height, placement, orientation, massing, landscaping,

property access, parking and loading, parkland, skywalks and architectural standards, we will require permission from the Reviewing Authority. We will have to provide a justification statement on how the proposal addresses the provisions of this subsection. Any request for a modification shall require the Reviewing Authority to hold two public hearings on the request.

In addition, the design will have to be considerate of the standards outlined in the Carroll Creek Overlay. This district was established to ensure that new development is in line with the Carroll Creek Park Design Standards. The requirements in the CCO district are more stringent than the DB zoning regulations and will therefore be the basis of design for redevelopment. Within the CCO, the Planning Commission will generally review site plans. The Planning Commission within the CCO will not approve plans unless it finds that the applicant conforms to the standards established in the Carroll Creek Park Design Standards as well as all other applicable City standards.

Architectural Non-Conformity of Existing Structures

Within the Carroll Creek Overlay, existing structures that do not comply with the provisions of subsection (j), Architectural Standards, may continue to be used in their current condition as legal non-conformities. All other non-conformities are subject to the provisions set forth in Article Nine (9) of the Land Management Code. However, any exterior alterations not considered part of normal maintenance and upkeep of a non-conforming property must be reviewed by the Reviewing Authority. If the building is demolished or vacant for more than one year, any and all new construction on the site must conform to these regulations.

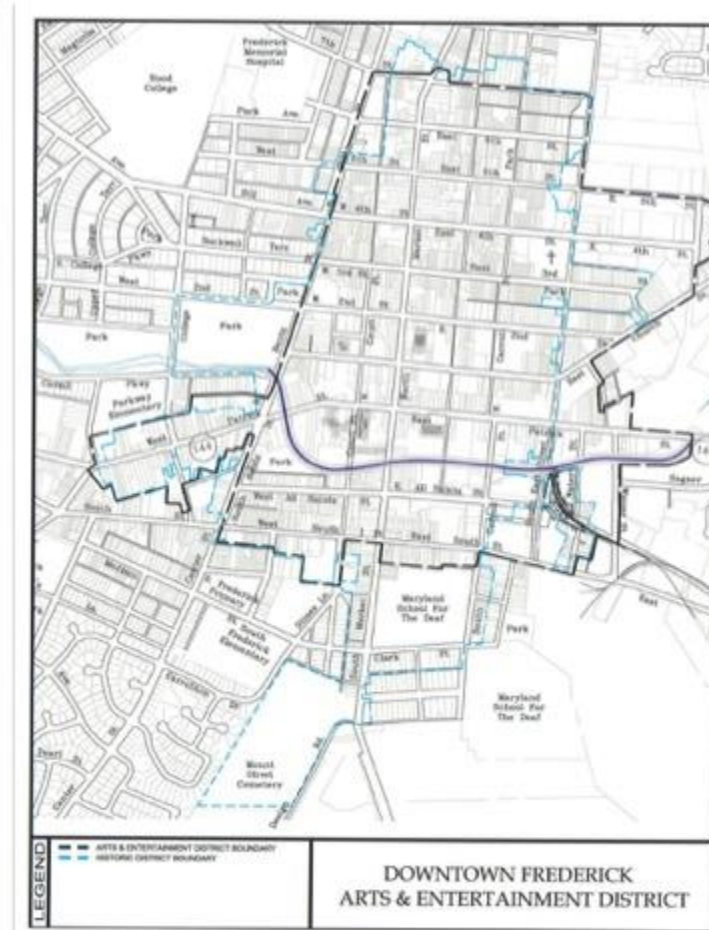
According to the Downtown Frederick Partnership, the site is also within the Arts and Entertainment District. This is a program administered by the Maryland Department of Business and Economic Development (DBED) and overseen by the Maryland Comptroller's Office. The designation provides a great opportunity to emphasize the many attractions that make downtown Frederick an arts destination. In addition to the marketing benefits, the designation also offers a tax deduction for eligible artists, an exemption from state admission and amusement tax for certified arts activities and a property tax credit for buildings renovated or constructed for an arts-related use. As mentioned previously, public art has been incorporated at various locations along Carroll Creek Park. The programming in the Hotel 162 development will support this objective.

AVAILABLE TAX ADVANTAGES

Frederick County participates in the Maryland Historic District Tax Credit Program for locally designated properties. This program provides property tax relief for increases in assessments of properties in the historic districts of The City of Frederick, the Town of New Market, or for properties listed in the Frederick County Register of Historic Places, provided the historic

preservation commissions in those jurisdictions have reviewed and approved the work, which results in the increased assessment. There are multiple “contributing” historic buildings on the site and may be considered in financing the development.

Both The City of Frederick and Frederick County have enacted property tax credits for the renovation or construction of arts-related spaces within the Downtown Frederick Arts & Entertainment District boundaries. The Hotel 162 development plan includes various artist and dance studio spaces that will make these credits available to the project.



Only the increase in assessed valuation of the portion of the property, renovated or constructed for a certified arts use, is eligible for the property tax credit. The property tax credit is available for seven years, making the addition of an art-related space attractive to investment.⁸ The addition of rentable artist studios to downtown Frederick will support the flourishing art culture in the historic district.

⁸ Incentives. Business in Frederick, Maryland. <https://www.cityoffrederick.com/index.aspx?NID=167>

COMMUNITY INVOLVEMENT

The community in downtown Frederick wants to see the areas surrounding Carroll Creek Park add to the history and character of the city. Our development plan is in line with these interests and addresses the goals of the community for the future of Frederick. We intend to proactively engage with the community throughout the duration of the project to ensure a mutually beneficial environment that facilitates the transformation of downtown Frederick.

TRAFFIC AND CIRCULATION

Overview

Our proposed development for Hotel 162 at the Creek will increase density in downtown Frederick and help to stimulate the local economy. Many of the amenities and retailers in Frederick are located north of Carroll Creek Park, along the intersection of Market Street and Patrick Street (Figure 01). Because the access points to the site are on South Carroll Street and East All Saints Street, the addition of this project on the south side of the Creek will draw visitors and residents across the pedestrian and vehicular bridges. This will spur future development along the southern side of the Creek and strengthen the economy of downtown Frederick.

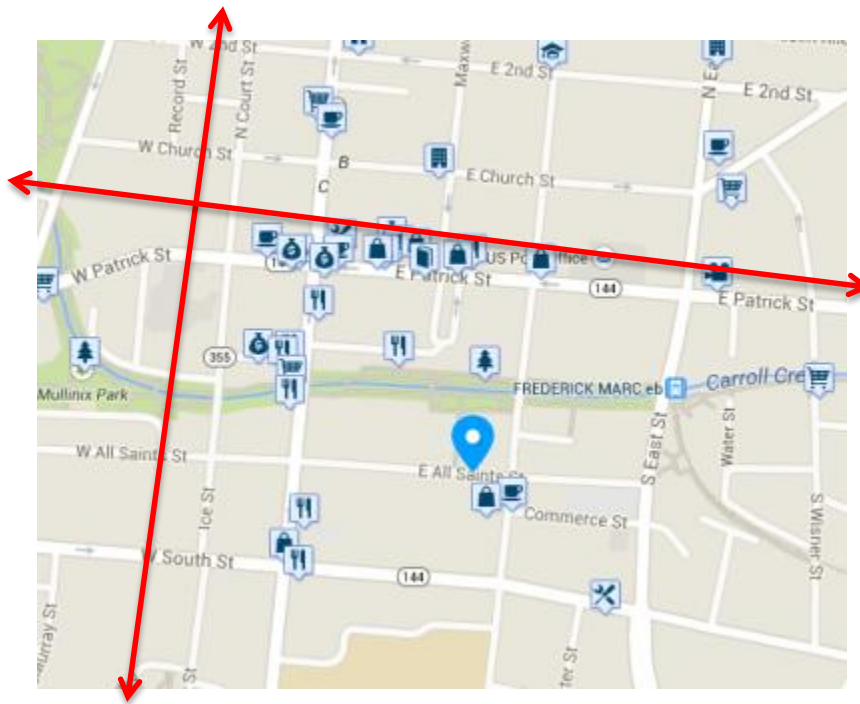


FIGURE 01, CREDIT: GOOGLE MAPS

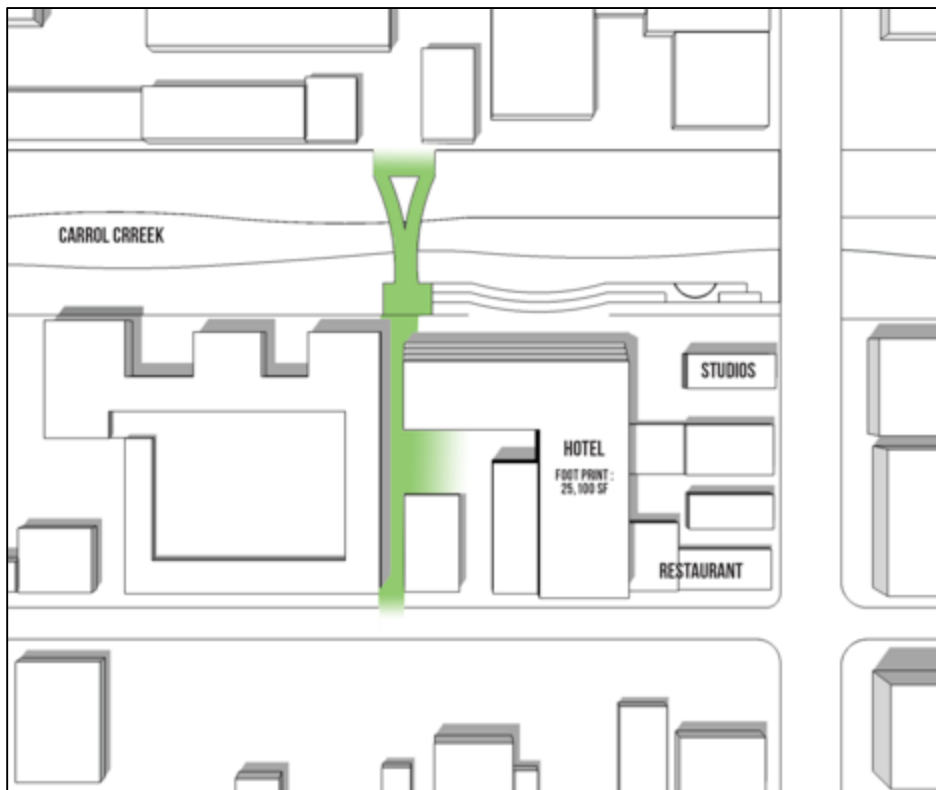
The site is strategically located in a pedestrian-friendly and walkable area of Frederick. Many daily amenities are within a 15-minute walk from the location as well as over 40 restaurants⁹. Because of the close proximity to public transportation, such as bus stops and the MARC Brunswick – Washington Amtrak train station, the county requires fewer parking spaces for the development plan. This allows for a more efficient design and effective use of square footage for programs that are more profitable than a parking structure. There is also a city parking garage directly to the east of the site, at the corner of South Carroll Street and East All Saints Street, should visitors choose to drive.

⁹ <http://www.walkscore.com/score/162-e-all-saints-st-frederick-md-21701>

Seventy parking spaces will be included in a parking structure directly connected and architecturally integrated into the hotel. By code, the development should include one parking space per hotel room, one parking space per 800 sf of restaurant space and one per 300 sf of grocery market space. Under this formula, the total spaces required would have been 164. Because we are able to use a shared parking ratio for multiple uses on the site, the required number is decreased to 140 spaces. Additionally, the Carroll Creek Overlay Code stipulates that sites within the overlay district are permitted to reduce the required parking by 50 percent to promote multimodal transportation. Subsequently, we are only required to include 70 spaces on the site to support the proposed functions.

Access to Carroll Creek Park

There is currently a pedestrian bridge to the west of the project site. In our development plan, the path will be extended to connect this bridge with East All Saints Street. This will strengthen the access to Carroll Creek Park from the south and encourage pedestrian movement to our project and other areas further south.



ARCHITECTURE AND LANDSCAPE

Most of the project site is reserved for the new hotel; however, a majority of the mass is hidden behind the existing buildings on East All Saints Street. By doing so, the project is able to accommodate a large structure without compromising the historic downtown character. Only a small portion of the hotel will actually front East All Saints Street, allowing the project to maintain a rhythm of building mass that is not overwhelming to the human scale.

The hotel and main access point to the development is from East All Saints Street. A structured parking garage has been integrated into the hotel design to provide a seamless façade composition while maintaining easy access for vehicular traffic. Because the site is located in the historic district, the design of the new buildings compliment and pay homage to the existing structures. Materiality of most of the structures is brick, however glass and other modern materials may be introduced at the lobby entrance to the hotel to make it more distinguished. On the Carroll Creek side, the hotel is stepped back at each level to provide balconies in the guest rooms. Connected to the hotel is the restaurant with access from South Carroll Street. The existing exterior walls will be incorporated into the design of the restaurant, as it is a “contributing” historic structure. The restaurant will feature a two story open dining space as well as a second level with seating to provide views of Carroll Creek to diners.



Hotel Precedence: Capella Hotel, Georgetown

North of the restaurant, along South Carroll Street is the grocery market. This program incorporates both historic structure and new construction. The 10,000 square foot market will focus on local sourcing from the Frederick region, supporting farmers and small food businesses. It will be mainly brick construction with the opportunity to have an open-air portion in the summer months. Farmers markets will be coordinated with the Amphitheater at Carroll Creek to draw visitors when the weather is favorable.



Market Precedence: City Market at O Street Giant, Washington, DC

The remaining three buildings on the site provide almost 20,000 square feet of studio and gallery space for artists to rent and exhibit their work. Fenestration on the studio spaces will be increased where allowable by Historic Preservation to accommodate the artists' needs for more natural light into the studios. The exterior existing brickwork and paintings will be refinished. The interior spaces will be modest, as the uses in the space require generally concrete floors and blank drywall partitions.

The landscape on the site is generally flat and barren, as the undeveloped space has been covered with gravel and used by the City to store large items and props from the amphitheater. Open space along the new connection from Carroll Creek Park to East All Saints Street will receive landscaping. The area between the studio buildings will be designed to allow the artists and hotel guests to use the space to work, relax and connect.

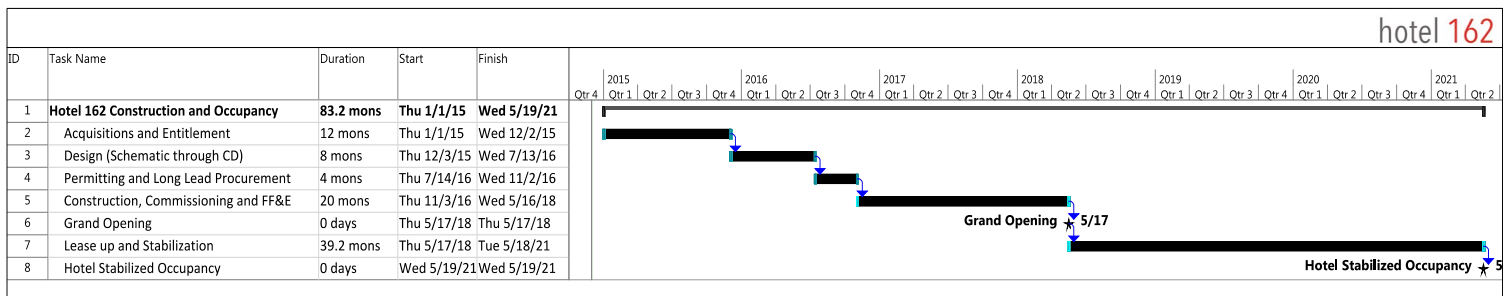
Sustainability

In 2010, The City of Frederick implemented a Sustainable Action Plan to address in-County operations and planning. One of the action areas is the implementation of green building practices, which includes prioritizing energy and water efficiency and recycling construction waste for future construction projects.¹⁰ In addition to “green” construction practices, various design strategies, uses and goals for the Hotel 162 site are estimated to certify the new construction with LEED Silver rating, or better. The project will include various sustainable practices such as rainwater recycling for landscaping, local materials, bike storage, preferred and reserved parking for low-emitting and fuel-efficient vehicles, high-efficiency water-saving devices, recycled building materials and eco-friendly cleaning supplies.

DEVELOPMENT SCHEDULE

We expect to begin the acquisition process for Hotel 162 in January 2015 upon finalizing financing. There are many variables and unknowns associated with acquiring the properties, so we have allotted ample time in the schedule to remain on track with a target opening of May 2018. Concurrently, we will work with Frederick County to ensure that the Historic Preservation Review Board and other governing authorities approve of the development plans. An architectural design team will be brought on board to assist with approvals and deliverables to the County.

Once the concepts are approved, we will begin schematic design. The schedule below illustrates a reasonable design and construction schedule that will ensure we meet the expected date to begin generating revenue. Our schedule also anticipates a 36-month stabilization period until occupancy levels rise to a similar rate as other hotel products in the market.



¹⁰ Sustainable Action Plan for County Operations. <http://frederickcountymd.gov/index.aspx?NID=4348>