RECAST BOOST REPORT
Real Estate

Frederick County, MD

Creative Economy Strategy for Affordable Artist, Performing Arts, & Production Spaces

By:

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For:

Frederick Arts Council

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Executive Summary

Frederick County's Division of Economic Opportunity is eager to strengthen and build the creative economy in Frederick County. An important step in this work includes an assessment of the space needs of creatives as well as an inventory of available spaces and space-related resources. This report provides recommendations based on comprehensive stakeholder engagement to support Frederick County's creative economy development goals.

In order to develop the action plan for Frederick County, Frederick Arts Council hired Recast City to help 1) identify the assets and challenges facing the creative economy sector in the County related to real estate, 2) recommend national best practices for the County to implement, and 3) develop metrics for the County to consider to benchmark its success to support this sector over time.

The research methodology included two roundtables (one focused on performing arts, one on visual arts) and twelve one-on-one interviews with key stakeholders including developers, real estate professionals, arts funders, city and county economic development personnel, and creative space operators. Detailed participant profiles are included in the appendix.

The following report provides recommendations based on interviews with dozens of local artists, performing artists, real estate owners, realtors and other local leaders from across the county. The information was collected through one-on-one interviews with real estate owners, small group meetings with artists and performing artists, and other local leaders. Assets and challenges summarized in the report are from these conversations and the actions recommended are based on the needs identified and national best practices.

Based on this research, there are nine recommendations that are core to this work. The County and its partners should select priority initiatives from this list:

1. Target County-Owned Properties to Creative Economy Uses
2. Establish County "Percent-for-Art" Ordinance for Private Development
3. Expand Maryland Arts & Entertainment District Tax Credit Program for Property Owners
4. Establish "Frederick County Made" Property Tax Incentive Zone
5. Implement Creative Sector Building Improvement Grant Program
6. Create "Creative Zone" with Regulatory Streamlining
7. Establish Arts and Manufacturing TIF Districts
8. Implement Developer Inducement Program for Creative Spaces
9. Develop a Creative Economy Industry Profile with Online Space Resources

These recommendations represent an integrated approach to addressing Frederick County's creative economy challenges, building on the successful foundation already established while ensuring the county remains competitive in attracting and retaining the artists, makers, and creative businesses that drive both cultural vitality and economic prosperity.

Current Situation & Urgency

Frederick County, Maryland is at a critical juncture regarding its creative economy and cultural identity. The county has built a strong reputation as an arts destination, attracting visitors from Baltimore, Washington DC, and the wider region through established cultural institutions, festivals, and a vibrant creative community. Creative businesses serve as a key economic driver, generating tourism revenue, attracting skilled workers, and contributing significantly to the county's economic vitality. However, this success is now threatened by an affordability crisis that is creating challenges for both emerging and established artists in the county.

Currently, young artists and long-standing creative professionals are struggling to find affordable production space in the City of Frederick, where commercial downtown space commands $25-30 per square foot while artists can only afford $8-10 per square foot. Other municipalities within Frederick County are working to organize support for the creative sector but are just beginning these efforts. A county-wide strategy to support affordable creative spaces would help to shore up decades of cultural investment and economic development.

The challenges are nuanced: the creatives who are contributing and who stay need a variety of incentives, support and recognition to be able to thrive and continue contributing to Frederick County's economic and cultural vitality.

Frederick County's leadership, business owners, and residents recognize that the creative economy represents both significant economic opportunity and cultural value that is difficult to replace once lost. The County Executive is leading this charge with the strategic plan that highlights this sector. The potential to build on recent successes and create a nationally recognized model for creative economy development excites stakeholders.

The current model is unsustainable. If the county cannot create pathways to affordable creative space, provide appropriate zoning and regulatory support, and establish financial incentives for creative sector real estate growth, then the economic and cultural benefits may migrate to other regions.

The county risks losing people who make Frederick County a cultural destination, losing businesses that contribute to the tax base and tourism economy, and losing the unique identity that sets Frederick County apart from other suburban markets in the Baltimore-Washington corridor.

A Place-Based, Economic Development Opportunity

A strategy that focuses on creative economy infrastructure will bring sustained economic growth and cultural vitality to Frederick County.

The creative economy, encompassing visual artists, performing artists, artisans, and small-scale manufacturers producing tangible cultural goods, represents a missing tool in Frederick County's economic development strategy. This sector produces both cultural value and economic impact through multiple revenue streams: direct sales, tourism attraction, workforce development, and real estate value enhancement.

These businesses and creative professionals provide significant benefits to Frederick County:

- **Economic Multiplier Effect**: Creative businesses generate tourism revenue, attract visitors who spend money at restaurants, hotels, and other local businesses, and create a "cool factor" that attracts other businesses and residents to the area.[1]

[1] In 2023, 1.9 million people visited Frederick County, spending $539 million according to Visit Frederick.

- **Workforce Development:** Creative skills translate across multiple industries, from marketing and design to advanced manufacturing and technology, creating a skilled workforce pipeline.
- **Real Estate Value Enhancement:** Arts districts and creative spaces increase property values and activate underutilized buildings, turning vacant or underperforming properties into economic assets.
- **Entrepreneurship and Innovation**: Creative professionals often operate as small business owners, developing entrepreneurial skills and innovative approaches that benefit the broader economy.
- **Tourism and Destination Marketing:** Frederick County's creative sector is already a regional draw, bringing visitors from Baltimore, Washington DC, and beyond who spend money on lodging, dining, and shopping.
- **Retention of Talent:** Supporting creative spaces helps retain young professionals and attracts creative class workers who increasingly choose where to live based on cultural amenities.

The creative economy creates more economic opportunity for diverse populations and helps build community wealth. These businesses help Frederick County maintain its distinctive identity while generating measurable economic impact through job creation, tourism revenue, and property value enhancement.

The benefit to the county reaches beyond these multiplier effects into the day-to-day of the residents as well:

- Business ownership is open to anyone with an entrepreneurial spirit and the ability to make something - college and advanced degree not required.
- The skill to create comes from every population in the city - allowing us to build a diverse community of business owners from across the county and have more people build income for their families.
- The businesses and performance spaces are locally owned, meaning they typically invest their revenue back into the community and hire from within it.

- The artisan businesses are often native to e-commerce which means that they bring revenue into the county from the rest of the country from online sales.
- They help a community stand out and remain unique even as a place is built up and changes.

These kinds of businesses and nonprofit spaces will be an essential resource to continue to build up the presence of Frederick County, build foot traffic in each city's downtown, and brand the area as a hub for creative and scaling product businesses.

Vision for Frederick County

Frederick County's creative community, local leaders, and elected officials envision a county that serves as a regional destination for both residents and visitors seeking authentic cultural experiences. Through interviews and community engagement, several dominant themes emerged about the vision for Frederick County's creative economy:

- **Affordable Creative Infrastructure**: Artists, artisans, and small manufacturers have access to appropriately sized (both large and small), affordable production spaces that allow them to create, collaborate, and grow their businesses without being priced out of the county.
- **Integrated Cultural Districts**: Creative businesses and cultural facilities are woven throughout Frederick County's municipalities, creating distinct neighborhood identities while supporting each other through collaboration and cross-promotion.
- **Tourism and Cultural Destination**: Visitors come from throughout the mid-Atlantic region to experience Frederick County's galleries, studios, performance venues, artist spaces, and cultural events, spending money that supports both creative businesses and complementary enterprises like restaurants and shops.
- **Educational and Workforce Partnerships**: Creative spaces work closely with Frederick County's educational institutions, Hood College, Frederick Community

College, Mount St. Mary's, and Gov. Thomas Johnson High School's Academy for the Fine Arts, to provide real-world learning opportunities and career pathways.

- **Diverse Creative Community**: The creative sector reflects Frederick County's demographic and cultural diversity, providing opportunities for entrepreneurs from all backgrounds to build wealth and contribute to the community's cultural identity.
- **Innovation and Collaboration**: Creative professionals work together across disciplines, sharing resources, knowledge, and opportunities while maintaining their individual artistic practices and business models.
- **Municipal Support and Coordination**: Cities and towns throughout Frederick County coordinate their support for creative businesses, sharing best practices and creating a county-wide network of cultural resources.

This combination of visions comes together through strategic real estate development, targeted business support programs, regulatory reform, and coordinated marketing that positions Frederick County as the premier location for creative economy development in the Baltimore-Washington corridor.

Frederick County Assets and Challenges

Creating a thriving creative economy requires adequate and affordable space for artists, performing artists, and small batch makers, supportive property owners, appropriate zoning and regulatory frameworks, programming that connects creators with audiences and customers, and business development assistance that helps creative enterprises stabilize and grow.

Based on stakeholder input, creative professionals identified specific space needs including: studios ranging from 200-2,000 square feet for visual artists, rehearsal and performance spaces with 12 to 20 foot ceiling heights for performing artists, production spaces with proper ventilation for "messy" work, and shared facilities with common areas, loading access, and secure storage. Detailed space requirements are included in the appendix.

To understand how Frederick County can achieve its creative economy vision, this analysis examines what currently works well and what challenges must be addressed to create sustainable growth in the creative sector. The summary of assets and challenges are from interviews with the artists, artisans, performing artists, and property owner interviews through the direct engagement method of this project. A list of participants, by type of role, is provided in the appendix.

Frederick County Assets

Frederick County possesses significant assets that provide a strong foundation for creative economy development:

Strong Arts Infrastructure & Community: Frederick has established cultural institutions including the Weinberg Center, New Spire Arts, Frederick Arts Council, Delaplaine Arts Center, and multiple cooperative galleries. The arts community is described as "family" with strong cross-pollination between music, visual arts, theater, and writers who "show up and support each other."

County Executive Leadership Support: The County Executive has prioritized the creative economy in her transition plans and brings significant personal experience to this work, having served as a long-time music teacher in the Frederick County Public School system and as a performing member of the Frederick Symphony Orchestra. As County Executive, she is dedicated to developing resources, incentives and support to attract and maintain creatives just as the county works hard to provide services to other industries such as the biotech sector.

Established Arts Destination & Tourism Draw: Frederick County is recognized as an arts destination with events like Valley Craft Network tours, Art Walk, Artopia, and Festival of the Arts that bring visitors from Baltimore, Washington DC, and the wider region. People "come for dinner and wander into galleries and buy pieces," creating natural foot traffic for creative businesses.

Arts & Entertainment District Benefits: Downtown Frederick is designated as a Maryland Arts & Entertainment District, offering admission and amusement tax exemptions for certified arts activities, income tax deductions for eligible artists, and property tax credits for buildings renovated or constructed for arts-related uses. The program is co-managed by Downtown Frederick Partnership and Frederick Arts Council.

Educational & Institutional Partnerships: Multiple higher education institutions provide talent pipeline: Hood College, Frederick Community College, Mount St. Mary's, plus Gov. Thomas Johnson High School's Academy for the Fine Arts. The county has active workforce development programs including mural mentorship programs and established relationships with these educational partners.

Diverse Creative Community & Spaces: The county hosts diverse creative businesses from traditional fine arts to Puerto Rican cultural centers, distilleries, recording studios, and artisan spaces. Existing creative spaces include Blue Elephant, Y Arts Center studios, and various gallery cooperatives that provide models for shared creative spaces.

City Government Support & Programming: The City of Frederick has a dedicated Arts and Culture Manager, Arts and Entertainment District designation (providing tax benefits), and Community Promotion Grants. Brunswick and other smaller cities are looking at Arts Councils or other mechanisms to organize their local community.

Geographic Advantages & Market Access: Frederick County's location provides access to both Baltimore and Washington DC markets while maintaining lower costs than urban centers. According to artists and artisans interviewed, the area offers "large lots and space to do your work" with proximity to major transportation routes for distribution and customer access.

Available Real Estate Inventory & Development Interest: Multiple buildings and spaces are available or in development, including a new 50,000 sqft arts space, and active real estate professionals who understand the creative sector's needs. Private foundations like Ausherman Family Foundation are investing in arts infrastructure. Detailed real estate inventory and examples of available creative spaces are provided in the appendix. Additionally, the Frederick Arts Council maintains a bimonthly listing of available creative spaces in their newsletter, providing ongoing resource for artists seeking space.

Frederick County Challenges

While these assets provide excellent opportunities for creative economy growth, several challenges emerged from the interviews that must be addressed:

Affordable Space Crisis: Commercial space in downtown Frederick is at $30+/sq ft for prime locations, while artists suggest they can afford $8-10/sq ft (storage space rates). According to the artist and artisan interviews, young artists are leaving because they can't afford space, and most creative businesses need subsidized rents to survive in the most desirable locations.

Regulatory & Zoning Barriers: Those interviewed suggested that zoning restrictions limit live music venues due to decibel requirements, historic preservation adds time and expense to projects, and accessibility/code compliance requirements make renovations costly. Getting permits and approvals is described as lengthy and expensive, particularly for historic buildings.

Lack of Production & Technical Spaces: Limited availability of spaces for "messy" work requiring ventilation, kilns, welding, or sound production. Musicians can't find permanent rehearsal/recording spaces, and visual artists struggle to find spaces with proper ventilation for spraying or large-scale work with tall ceilings and garage access.

Insufficient Funding & Financial Support: Limited county financial incentives are provided specifically for creative economy real estate development. State and local grants are limited and often not available to cooperatives. Artists struggle with business operations beyond creating, and need help with marketing, accounting, and business development.

Limited Collaboration & Information Sharing: While the County has services available through the Maryland Small Business Development Center and Maryland Women's Business Center, more targeted support services for creative entrepreneurs would make a significant impact. The community of organizations is described as filled with "passionate silos" where people often work separately rather than together. The county needs better coordination between organizations, shared marketing opportunities, and improved communication about available spaces and resources. The arts community lacks centralized information about what each organization offers.

Market Development & Sales Challenges: People interviewed noted a limited collector base and limited commercial gallery opportunities. Slow sales periods with reduced foot traffic to galleries and events impact sales during the year. They noted a need for a more developed art market beyond local buyers, including international and regional purchasers. Marketing and customer attraction remain significant challenges.

These assets and challenges are important considerations for developing Frederick County's creative economy real estate strategy—building on existing strengths while addressing the barriers that currently limit growth and threaten the sector's sustainability.

Commercial and Industrial Real Estate for the Creative Economy

The commercial real estate market analysis shows significant challenges for artists and artisans seeking affordable production space. Frederick County Office of Economic Development maintains a current inventory of available office, industrial, retail space, and land through the County's Building & Site Selection Tool. A detailed analysis of available properties under 5,000 square feet suitable for creative uses, including specific examples of spaces currently available for creative businesses, is provided in the appendix.

Based on the CoStar real estate data for Frederick County and the Frederick County Office of Economic Opportunity's Building & Site Selection Tool, the commercial real estate market presents significant challenges for artists and artisans seeking affordable production space. The available properties show a stark pricing disparity that aligns with the affordability crisis identified here. Frederick County Office of Economic Development maintains a current inventory of available office, industrial, retail space, and land, yet the pricing remains prohibitive for creative businesses.

Downtown Frederick retail spaces range from $20-36 per square foot (with prime locations commanding $36/sq ft), while the interviews note artists can afford $8-10 per sqft. Even older retail spaces still ask $20/sq ft, demonstrating how far market rates exceed what creative businesses can sustain.

The industrial and warehouse spaces that might be more suitable for artisan production show more promise but remain problematic. Properties in Emmitsburg offer larger industrial space at $14/sq ft, and ones on Baltimore National Pike have industrial space at $11/sq ft, rates that approach the upper end of what artists might afford. The newer industrial properties don't even list asking rents, suggesting they may be targeting higher-end tenants rather than the affordable creative spaces the community needs.

Frederick County's creative sector could be bolstered with additional support so that creative businesses and organizations are not priced out of the market. The gap between what artists can afford ($8-10/sq ft) and what's available ($11-36/sq ft), combined with zoning uncertainty around creative uses, demonstrates why immediate policy action is needed to create affordable creative spaces with clear permitting pathways before more artists relocate to more supportive markets.

Recommendations for Action in Frederick County

By integrating creative economy support into Frederick County's economic development and real estate strategy, the county can create a regional hub for creative businesses and cultural tourism, fill vacant buildings with productive uses, build an inclusive and diverse community of creative entrepreneurs, increase middle-income creative jobs, and generate significant tourism and sales revenue.

This approach will increase the economic resilience of Frederick County's communities, showcase the unique cultural assets that distinguish the county from other suburban markets, and create a place that attracts and retains creative professionals and the businesses that value cultural amenities.

There are nine actions for the County and its partners to consider that are core to this work:

1. Target County-Owned Properties to Creative Economy Uses
2. Establish County "Percent-for-Art" Ordinance for Private Development
3. Expand Maryland Arts & Entertainment District Tax Credit Program for Property Owners
4. Establish "Frederick County Made" Property Tax Incentive Zone
5. Implement Creative Sector Building Improvement Grant Program
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The community has a clear outcome that came through in the small group discussions and interviews: a place known for artisans and performing arts, small retail spaces filled with unique creative businesses, programming that brings together the business owner community and their customers, and interesting programming that promotes the culture of the arts in the county.

Now we need to get the other elements in line for implementation. All the recommendations below are actions Frederick County, and its partners, can choose to take. Consider both immediate actions that can build the momentum and good-will alongside the bigger or more difficult actions that might take more time. Every community needs the short-term wins – people can't wait for change.

1. Target County-Owned Properties to Creative Economy Uses

The fastest way to create more space for creative economy uses is through properties already owned by the county. Commercial and industrial spaces can be leased at low rates to performing arts organizations, artist collaboratives, makerspaces, and other creative economy uses to help ensure low costs spaces both in the short-term and as a way to retain affordability in the long-term.

Successful Models

- **Harwich, MA**: 204 Cultural Arts Municipal Building converted from closed middle school through multi-year planning process prioritizing community input, fiscal sustainability, and cultural development
- **Alexandria, VA**: The city purchased the old Torpedo Factory and renovated it to provide below-market space for artists in the center of the city.

Implementation Steps

- Conduct inventory of county-owned buildings suitable for conversion
- Establish clear application and selection process for creative businesses
- Develop flexible lease agreements with below-market rates
- Create shared infrastructure (meeting rooms, shipping facilities, common areas)
- Partner with arts organizations and business development agencies for programming support

Key Benefits

- Immediate availability of affordable space
- County retains ownership while generating revenue
- Demonstrates public commitment to creative economy
- Creates pipeline from home-based businesses and artists to commercial spaces

2. Establish County "Percent-for-Art" Ordinance for Private Development

Following models from Los Angeles and Tampa that extend percent-for-art ordinances to include private commercial development, Frederick County should adopt a policy requiring developments over $500,000 to either incorporate public art or pay into a county arts fund (0.5-1% of project cost). This addresses the challenge of limited funding while leveraging private investment to support creative spaces. The funds can be dedicated to help cover costs of shared spaces, cooperative leases, and other real estate needs, and can include funding for public art.

Proven Models

- **Los Angeles County**: Requires 1% of building valuation for eligible private development projects in unincorporated areas, with threshold of $877,428 as of July 2024. Applies to residential, mixed-use, commercial, and industrial projects
- **Tampa, Florida**: Operates dual system with voluntary participation citywide (1% of costs up to $200,000) and mandatory requirements in Central Business District and Channel District (0.75% of total project development cost)

Implementation Framework

- Set threshold at $500,000 in development costs
- Establish 0.5-1% of project cost requirement
- Offer multiple compliance pathways:
    - Direct art commissioning

    - Arts programming support
    - Cultural facilities contribution
    - In-lieu payments to county arts fund
- Integrate with existing development review processes

Revenue Potential
Based on LA County data showing average of $4.1 million annually from 1% of eligible permit revenues, Frederick County could generate substantial ongoing funding for creative spaces and programming.

Key Benefits

- Immediate funding source for creative infrastructure
- Demonstrates public commitment to creative economy
- Leverages private investment for public cultural benefit
- Creates sustainable funding stream for creative sector support

3. Expand Maryland Arts & Entertainment District Tax Credit Program for Property Owners

Expand the number of areas in Frederick County included in the Maryland Arts and Entertainment District to establish property tax credit programs for landlords who renovate and lease space to artists, artisans, and small manufacturers at below-market rates. The county could offer additional property tax reduction for spaces leased at rates of $8-12/sq ft to qualifying creative businesses, directly addressing the affordability crisis identified in stakeholder interviews.

Maryland A&E District Program Performance
Maryland's Arts & Entertainment Districts program operates 29 districts generating $149.5 million in state GDP impact and $8.1 million in tax revenue while supporting 1,185 jobs in fiscal year 2022. The program offers:

- Property tax credits of 50-100% of increased assessment value for 5-10 years
- Artist income tax subtraction for Maryland residents selling art within districts
- Admissions tax exemption for A&E enterprises

Implementation Strategy

- Apply for additional A&E district designations in new target areas
- Coordinate with Maryland State Arts Council for technical assistance
- Create county supplemental incentives for property owners
- Establish clear criteria for qualifying creative businesses
- Develop marketing strategy to promote tax benefits to property owners

Expected Outcomes

- Leverage existing state program infrastructure
- Provide immediate financial incentives for property improvements
- Create more geographic focus areas for creative business clustering throughout the county
- Generate additional tax revenue through increased economic activity

Key Benefits

- Proven economic impact model with measurable results
- State-level support and infrastructure already in place
- Direct financial incentives for property investment
- Geographic clustering that builds creative districts

4. Establish "Frederick County Made" Property Tax Incentive Zone

Create designated zones within Frederick County offering Class 6(b) property tax incentives similar to Cook County, IL's program for industrial space. Target this to areas like the county downtowns to attract artists, artisans, performing artists, and small-scale manufacturers to underutilized properties while generating economic activity and property value improvements.

Cook County Model Performance

Cook County's Class 6b program offers assessment rates of 10% versus standard 25% for 10 years, creating 50-60% property tax reduction during the incentive period. The program requires municipal support and consent, ensuring local buy-in.

Adaptation for Creative Economy

- Create "Frederick County Made" certification for qualifying businesses
- Establish property tax reduction for spaces leased at affordable rates to creative businesses
- Target specific geographic areas for maximum impact
- Include performance requirements tied to job creation and community benefit

Implementation Requirements

- Coordinate with state and local legal frameworks
- Establish application and compliance processes
- Create clear eligibility criteria for creative manufacturing and artisan businesses
- Develop partnerships with existing economic development programs

Key Benefits

- Significant property tax savings incentivize private investment
- Geographic targeting creates focused creative districts
- Performance requirements ensure community benefit
- Municipal consent requirement builds local support

5. Implement Creative Sector Building Improvement Grant Program

Model after DC's Great Streets Grant program, create a county grant program offering matching funds up to $50,000 for code improvements, sprinkler systems, HVAC upgrades, and accessibility modifications specifically for properties housing creative businesses. This addresses expensive building upgrades that currently fall entirely on tenants, making more spaces viable for creative use.

DC Great Streets Success

DC's program has invested $49+ million in 550+ businesses, creating over 2,000 jobs across 13 designated corridors over 18 years, with $7 million annual funding and grants ranging from $25,000-$80,000.

Frederick County Program Proposed Structure

- Establish annual funding of $300,000-$500,000
- Offer grants of $10,000-$50,000 per business
- Require matching funds from property owners or businesses
- Focus on code compliance, accessibility, and infrastructure improvements
- Partner with local contractors and suppliers to maximize local economic impact

Expected Outcomes

- Address expensive building upgrades that currently fall entirely on tenants
- Make more spaces viable for creative use
- Improve overall building stock in target areas
- Leverage private investment through matching fund requirements

Key Benefits

- Proven model with measurable job creation results
- Direct financial support for infrastructure barriers
- Matching fund requirement leverages private investment

- Focus on accessibility and code compliance ensures quality spaces

6. Create "Creative Zone" with Regulatory Streamlining

Establish designated areas where creative businesses receive expedited permitting, reduced building permit fees, and relaxed zoning restrictions for artisans, performing arts, and small product businesses. Address regulatory barriers by creating one-stop permitting for creative businesses and allowing mixed live-work uses in designated creative districts.

Best Practice Models

- **Colorado Creative Districts**: 21 districts receive up to $10,000 cash awards with professional development support
- **Washington State**: 20+ districts earned the 2019 Innovation in Economic Development Award
- **Massachusetts Chapter 43D**: Provides 180-day maximum permit timeline with single municipal contact

Implementation Framework

- Designate specific geographic areas as Creative Zones - as identified in the Frederick Arts Council's Public Art Master Plan
- Establish expedited permitting process with 90-day maximum timeline
- Create single point of contact for all creative business applications
- Reduce permit fees by 25-50% for qualifying creative businesses
- Allow artisan manufacturing and live-work spaces in designated areas

Success Metrics

- 25% reduction in average permitting timeline
- 15% increase in creative business formation
- Measurable economic impact through job creation and investment attraction

Key Benefits

- Removes regulatory barriers to creative business formation
- Single point of contact improves customer service
- Fee reductions provide immediate financial benefit
- Expedited permitting reduces time-to-market for businesses

7. Establish Arts and Manufacturing TIF Districts

Create Tax Increment Financing (TIF) districts specifically for arts and performing arts development, where increased property tax revenue from improvements is captured to fund additional arts infrastructure, public improvements, and building renovations within the district. Chicago has used this approach successfully to fund performing arts spaces and creative districts. This model should be implemented where feasible given relevant state regulations. This model is challenging but still worth considering.

Chicago TIF Experience

Chicago operates 136 active TIF districts capturing approximately $850 million annually. Arts projects typically receive $2-10 million for major facilities with 23-year maximum district life and potential 12-year extension.

Implementation Strategy

- Identify target areas suitable for TIF designation
- Conduct required economic feasibility studies
- Establish oversight board for governance
- Create specific criteria for arts and creative manufacturing projects
- Develop conservative revenue projections to ensure financial viability

Funding Applications

- Major creative facility development
- Infrastructure improvements supporting creative businesses
- Affordable artist housing developments

- Shared creative spaces serving multiple businesses and organizations

Key Benefits

- Self-funding mechanism through property value increases
- Long-term commitment to creative district development
- Substantial funding capacity for major projects
- Proven model with extensive track record

8. Implement Developer Inducement Program for Creative Spaces

Create a program offering floor-area ratio bonuses or reduced impact fees for developers who include artist studios, maker spaces, or small manufacturing spaces in their projects. Similar to Austin, TX's program where developers receive development bonuses for including live music venues, offer density bonuses or fee reductions for including below-market creative workspace in commercial and mixed-use developments. The initiative can also leverage county or city owned properties to create affordable space through public-private partnerships.

Austin Texas Model

Austin's multi-layered approach combines direct grants, zoning modifications, density bonuses, and creative space requirements. The Creative Space Developer Incentive Program uses a "paper district" approach applicable to any site, requiring 30% ground-floor frontage for creative uses. Austin's economic impact includes:

- $2 billion annual impact from live music pre-pandemic
- $1.8 billion annually from music tourism
- 49,000+ creative sector jobs
- $4.5 million annual Austin Live Music Fund budget

Frederick County Adaptation

- Offer density bonuses for developments including creative spaces
- Provide fee-in-lieu options for off-site creative space funding

- Require percentage of commercial space leased at below-market rates to artists
- Create "paper district" approach allowing creative incentives county-wide
- Establish ongoing compliance monitoring and community benefit requirements

Implementation Requirements

- Coordinate across multiple county departments
- Establish clear application and approval processes
- Create performance standards and monitoring systems
- Develop sufficient development pressure to make incentives attractive to developers

Key Benefits

- Integrates affordable creative space into market-rate development
- "Paper district" approach provides county-wide flexibility
- Proven economic impact model from Austin
- Performance monitoring ensures ongoing community benefit

9. Develop a Creative Economy Industry Profile with Space Resources

Create a comprehensive industry profile that documents Frederick County's creative economy baseline, including business inventory, employment data, economic impact metrics, small business support programs, and a detailed space resource directory. This profile should include resources related to identifying space and serve as an online one-stop information source for creative businesses seeking locations and support in Frederick County. This can expand on the ongoing work from the Frederick Arts Council.

Implementation Components

- Complete creative business inventory across all incorporated and unincorporated areas
- Develop baseline economic impact measurements
- Create online searchable database of available creative spaces

- Establish regular/monthly update cycle for space availability
- Partner with real estate professionals to maintain current listings and broker leases
- Include zoning and permitting guidance for different creative uses

Key Benefits

- Provides factual foundation for policy decisions
- Creates central resource for creative businesses
- Establishes baseline for measuring program success
- Improves coordination between municipalities and organizations

All of these recommendations are actions that the Frederick County government, municipalities, and partners can choose to implement. Consider both immediate actions that build momentum and demonstrate commitment alongside larger initiatives that require more coordination and funding. The creative community needs to see progress now—they cannot wait for longer-term solutions while being priced out of the market.

Real Estate Models

Frederick County can learn from successful arts and manufacturing real estate projects in nearby Baltimore that demonstrate innovative financing structures and development approaches. These projects show how strategic partnerships between nonprofit developers, foundations, and public agencies can create sustainable creative spaces while preserving historic buildings and serving diverse communities.

MotorHouse Baltimore: Foundation-Led Arts Hub Development

Baltimore Arts Realty Corporation's (BARCO) adaptive reuse of the historic Eastwick Motors building represents a $6 million arts development project that successfully combined foundation funding, historic preservation incentives, and nonprofit development expertise to create 25,000 square feet of creative space in Baltimore's Station North Arts District.

Development Structure and Financing

The project required a total investment of $6 million for the complete renovation of the 1914 historic car dealership building at 120 West North Avenue. BARCO acquired the property in August 2013 and completed the transformation by late 2015, converting Baltimore's first Ford dealership into a three-story arts hub featuring ground-floor performance and gallery spaces, 14 second-floor artist studios, and third-floor nonprofit office space.

Foundation funding provided the cornerstone investment, with the Robert W. Deutsch Foundation serving as the primary financial backer through BARCO's leverage model where "for every dollar the Deutsch Foundation puts in, BARCO raises or secures two or three additional dollars." Additional foundation support included $85,000 from the Goldseker Foundation and $30,000 from the Blaustein Foundation for general project support.

Historic preservation financing utilized Maryland's historic tax credit programs, with the 1914 building qualifying for both federal (20% of qualified rehabilitation expenditures) and state (20% additional) historic tax credits. Baltimore City's comprehensive property tax credit program provided additional incentives for the rehabilitation's increased property value.

Public funding included Maryland state programs such as the Community Legacy Program and Neighborhood Business Works Program, with some coverage indicating $550,000 in state grants. M&T Bank provided long-term financing for the project.

Major Users and Programming

MotorHouse serves as a 175-seat theater, gallery spaces, and 14 artist studios, housing Baltimore's only legal street art space (Graffiti Alley) and serving over 15,000 annual visitors through performance programming. The Managing Director oversees operations that include venue rentals, cafe services, and artist studio leases supporting Baltimore's creative economy.

Key Successes

The financing demonstrates successful nonprofit-led development that preserved a significant historic building while creating sustainable arts infrastructure. The project serves as an anchor for Baltimore's Station North cultural district and represents part of BARCO's larger $19 million investment portfolio spanning 60,000 square feet across multiple properties.

OpenWorks Baltimore: Large-Scale Makerspace Development

Baltimore Arts Realty Corporation (BARCO) transformed a 34,000-square-foot distribution warehouse into the nation's largest makerspace for $11.5 million, opening in September 2016 at 1400 Greenmount Avenue. The facility houses seven specialized fabrication shops supporting wood, metal, digital fabrication, 3D printing, electronics, textiles, and digital media production, alongside 140-150 micro-studios starting at $195 monthly.

Development Structure and Financing

The $11.5 million project utilized a sophisticated blend of private investment and public support. PNC Bank and Telesis Corporation provided equity investment, while M&T Bank supplied construction financing. The Reinvestment Fund structured New Markets Tax Credits, and Baltimore Development Corporation provided low-interest loans.

Major grant funders included the Robert W. Deutsch Foundation, Abell Foundation, Maryland General Assembly, and multiple state agencies. BARCO operates as a 501(c)(3) nonprofit real estate development corporation founded in 2012 by the Robert W. Deutsch Foundation.

Major Users and Economic Impact

The facility serves over 3,000 adults annually through educational programs and supports 55+ small businesses. A 2024 economic impact study documented $37.2 million in statewide economic impact supporting 351 jobs - a dramatic increase from the 2019 baseline of $9.5 million supporting 118 jobs.

Federal recognition came through $2 million in congressionally directed funding for a second location, matched by $2 million from the West North Avenue Development Authority.

Key Successes

OpenWorks demonstrates how nonprofit development can create substantial economic impact while serving areas where unemployment ranges 19-38% versus 8% statewide. The documented economic growth from $9.5 million to $37.2 million in impact over five years shows the scalability of well-managed creative spaces.

Machine Works: Historic Factory Adaptive Reuse

MCB Real Estate and ReBUILD Metro are jointly developing a $25 million adaptive reuse of the historic Detrick & Harvey Machine Works factory into 44,000 square feet of manufacturing and office space in East Baltimore's Johnston Square neighborhood. The 19th-century factory complex at 508 East Preston Street is being reconfigured into 34,000 square feet of light industrial space and 10,000 square feet of commercial office space.

Development Partnership and Financing

MCB Real Estate and ReBUILD Metro bring extensive development experience to the project. Maryland's Historical Trust awarded $5 million in Historic Revitalization Tax Credits in November 2024, representing the project's largest confirmed funding source. Additional support comes from HUD Community Project Funding backed by Congressman Kweisi Mfume, plus support from Maryland Department of Housing and Community

Development, Baltimore City Department of Housing and Community Development, and private investment from both development partners.

Target Users and Manufacturing Focus

The facility targets small enterprises, micro-businesses outgrowing shared spaces, and innovative manufacturers needing specialized production environments. Early Charm signed a 4,894-square-foot lease in July 2025 for ceramics and nanomaterials manufacturing using high-powered kilns and furnaces.

Key Successes

The project demonstrates how experienced development partnerships can leverage substantial historic tax credits for manufacturing adaptive reuse, with confirmed state investment of $5 million plus federal backing creating a viable path for similar projects in Frederick County.

Lessons for Frederick County

These Baltimore projects demonstrate that successful creative economy real estate development requires strategic foundation partnerships, historic preservation financing, and nonprofit development expertise. The combined $42.5 million investment across 103,000 square feet establishes proven models for community-centered development that Frederick County can adapt, with documented economic impacts supporting over 350 jobs and generating tens of millions in annual economic activity.

The nonprofit development approach allows for patient capital investment focused on long-term community benefit rather than maximum returns, while historic tax credits provide essential financing for adaptive reuse projects that preserve architectural character while enabling modern creative and manufacturing uses.

Next Steps

The community has a clear outcome that emerged through stakeholder engagement: Frederick County positioned as the premier creative economy destination in the Baltimore-Washington corridor, with affordable spaces filled with diverse creative businesses, programming that connects artists with audiences and customers, and coordinated support that showcases Frederick County's distinctive cultural identity.

Frederick County is positioned to become a national model for creative economy development that balances cultural vitality with economic growth. The opportunity exists now.

The county's existing cultural infrastructure, educational partnerships, tourism draw, and government support provide an excellent foundation. Now is the time to systematically address the affordability crisis and regulatory barriers while creating new incentives and support systems.

With a comprehensive effort across these nine areas of action, Frederick County can create a sustainable creative economy that provides affordable space for artists and makers, generates significant economic impact, and maintains the cultural character that makes Frederick County a distinctive place to live, work, and visit.

Success requires leadership from elected officials who understand that creative economy investment generates measurable returns through tourism revenue, property tax increases, job creation, and community development. The recommendations outlined in this report provide a roadmap for making Frederick County the premier destination for creative businesses in the Baltimore-Washington corridor.

This report represents just one step in the panoply of resources for creatives that can include mentoring, business development, training, and other support services that will be essential for comprehensive creative economy development.

Appendix 1: Proposed Metrics

Frederick County is developing its strategic plan and expects to include metrics for success specific to the creative economy. The following metrics should be considered for tracking by economic development professionals and elected officials:

Economic Impact Metrics

- Number of affordable creative workspaces (under $12/sq ft) available county-wide
- Average annual income for creative professionals in Frederick County
- Average revenue per creative business
- Percentage of creative businesses selling outside Frederick County market
- Number of new creative businesses established annually
- Total employment in creative economy sectors
- Total annual revenue generated by creative economy
- Number of creative businesses owned by underrepresented populations
- Total external investment attracted to Frederick County creative economy

Tourism and Cultural Impact Metrics

- Average revenue generated per cultural event
- Utilization rates for creative and performance venues
- Number of events hosted annually at creative venues
- Percentage of local artists performing at county venues
- Employment in performing arts and music support industries
- Number of performances per venue annually
- Geographic diversity of cultural event attendance
- Percentage of creative professionals earning living wage from creative work

Real Estate and Infrastructure Metrics

- Square footage of creative space available at affordable rates
- Number of properties converted to creative uses annually
- Average lease rates for creative spaces

- Property tax revenue generated from creative districts

Program Performance Metrics

- Number of businesses assisted through creative economy programs
- Dollar value of grants and incentives provided
- Return on investment for county creative economy initiatives
- Job creation directly attributable to creative economy programs

These metrics require clear definitions, consistent data collection methodologies, and identified sources for ongoing tracking. Economic development staff should establish baseline measurements and annual reporting cycles to demonstrate program effectiveness and guide policy adjustments.

Appendix 2: Stakeholder Engagement Summary

Performing Arts Roundtable Participants (July 2025)

- Musician & nonprofit founder
- Arts education nonprofit founder
- Theatre manager and producer
- Dancer
- Theater manager and composer
- Music nonprofit founder and arts educator
- Arts center founder and band member
- Arts center founder and band member
- Maker space founder
- Musician and arts educator

Visual Arts Roundtable Participants (July 2025)

- Visual artist, adjunct art faculty
- Arts education nonprofit founder
- Visual artist and gallery owner
- Visual artist
- Visual artist
- Visual artist
- Writer
- Painter
- Sculptor
- Painter
- Potter
- Visual artist and art center founder
- Visual artist
- Contemporary artist
- Metalsmithing

One-on-One Interview Participants

- Developer, arts funder, and music venue partner
- Real Estate Owner/Broker
- Developer and arts supporter
- Arts Interest Group founder and urban planner
- Real estate agent
- Warehouse property owner
- Maker space founder
- City Economic Development personnel (2 interviews)
- City Arts and Culture Manager
- County Office of Economic Opportunity personnel (2 interviews)

Appendix 3: Real Estate Inventory and Examples

Creative Space Requirements Identified Through Stakeholder Engagement

Visual Artists:

- Studio spaces: 200-2,000 square feet
- High ceilings (minimum 10-12 feet)
- Natural light preferred
- Ventilation for spray work and chemicals
- Loading access for large works
- Secure storage

Performing Artists:

- Rehearsal spaces: 500-2,000 square feet
- Performance venues: Variable, 50-500+ capacity
- High ceilings (12-20 feet minimum)
- Sound isolation
- Electrical capacity for lighting and sound
- Loading access for equipment

Small-Scale Manufacturers/Artisans:

- Production spaces: 500-3,000 square feet
- Overhead doors for equipment access
- 220V electrical service
- Concrete floors
- Ventilation systems
- Secure storage

Examples of Available Creative Spaces (as of July 2025)

Existing Creative Facilities:

- Artspiration Frederick: Community artist space at 915 Tollhouse Road, offering studios and programming for artists of all mediums
- Cultura Plenera Folklife Center: 402 5th Avenue, Brunswick - educational programs, performances, art exhibitions and community events
- Artist studio spaces: 1 North Market and 7 North Market ($450/month each)
- Broadway rehearsal space: 206 Broadway, 1,300 square feet at $1,800/month

Available Properties Suitable for Creative Development:

- Industrial warehouse space: 10,000 square feet at 1728 Shookestown Road
- Various properties under 5,000 square feet identified through CoStar analysis
- Multiple downtown buildings suitable for conversion to creative uses

Exemplar Projects for Reference

Regional Models:

- BARCO's Open Works (Baltimore): Large-scale makerspace with diverse creative programming
- Motor House (Baltimore): Mixed-use creative space with studios and performance venues
- Torpedo Factory (Alexandria, VA): Artist studios with retail component in converted industrial building
- Machine Works (Baltimore, MD): Artisan and scaling small production business space (in progress) in converted industrial building

RECAST CITY

Recast City is a national consulting firm that works with real estate developers, city, county and other civic leaders, and business owners to integrate manufacturing space for small-scale producers into redevelopment projects. We build the startup community for small manufacturers and makers in the city - across industries of textiles, electronics, wood, metal and other materials.

> *Recast City brings together small-scale manufacturers and community developers to strengthen our neighborhoods, build value in our real estate, and create more job opportunities for residents.*

We help landowners, developers, and city leaders understand this growing business sector and how to incorporate it into real estate products. We help maker industry entrepreneurs and small manufacturing business owners get the support and exposure they need. And we help communities create more good paying jobs for our local residents.

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