



Larry Hogan | Governor  
Boyd Rutherford | Lt. Governor  
R. Michael Gill | Secretary of Commerce  
Benjamin H. Wu | Deputy Secretary of Commerce

December 12, 2018

The Honorable Thomas V. Mike Miller, Jr.  
President, Maryland Senate  
State House, H-107  
Annapolis, Maryland 21401-1991

The Honorable Michael E. Busch  
Speaker, Maryland House of Delegates  
State House, H-101  
Annapolis, Maryland 21401-1991

The Honorable Edward J. Kasemeyer  
Chairman, Senate Budget and Taxation Committee  
3 W Miller Senate Office Building  
Annapolis, MD 21401

The Honorable Anne R. Kaiser  
Chairman, House Ways and Means Committee  
131 House Office Building  
Annapolis, MD 21401

The Honorable Richard S. Madaleno, Jr.  
Co-Chairman, Tax Credit Evaluation Committee  
3W Miller Senate Office Building  
Annapolis, MD 21401

The Honorable Jay Walker  
Co-Chairman, Tax Credit Evaluation Committee  
207 House Office Building  
Annapolis, MD 21401

**RE: RISE Zone Program Annual Report**

Dear President Miller, Speaker Busch and Chairmen Kasemeyer and Kaiser, and Co-Chairmen Madaleno, and Walker:

In accordance with §5-1407 of the Economic Development Article, I am pleased to submit the annual report on the Regional Institution Strategic Enterprise (RISE) Zone program.

The Honorable Thomas V. Mike Miller, Jr.  
The Honorable Michael E. Busch  
The Honorable Edward J. Kasemeyer  
The Honorable Anne R. Kaiser  
The Honorable Richard S. Madaleno, Jr.  
The Honorable Jay Walker  
December 12, 2018  
Page 2

I look forward to your review of this report and am happy to furnish any additional information that is required. If you have any questions regarding this report, please contact me at 410-767-6301.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Michael Gill". The signature is fluid and cursive, with the first name "R." and last name "Gill" clearly visible.

R. Michael Gill  
Secretary

Enclosure

cc: Members, Senate Budget and Taxation Committee  
Members, House Ways and Means Committee  
Members, Tax Credit Evaluation Committee

OFFICE OF FINANCE

Regional Institution Strategic Enterprise (RISE) Zone  
PROGRAM

ANNUAL STATUS REPORT  
Economic Development Article  
Section 5-1407

Submitted by:

Maryland Department of Commerce

December 2018

## ***REGIONAL INSTITUTION STRATEGIC ENTERPRISE (RISE) ZONE PROGRAM***

### **OVERVIEW**

The Maryland Regional Institution Strategic Enterprise (RISE) Zone program was enacted through CH 530, Acts of 2014. A RISE Zone is a geographic area that has nexus with a qualified institution and is targeted for increased economic and community development. Qualified institutions include institutions of higher education, regional higher education centers or non-profits affiliated with a federal agency.

The purpose of the RISE Zone program is to access institutional assets that have a strong and demonstrated history of commitment to economic development and revitalization in the communities in which they are located. Qualified institutions and local governments develop a targeted strategy to use the institutional assets and financial incentives to attract businesses and create jobs within the zone. A RISE Zone designation will be in effect for 5 years, with a possible additional 5-year renewal. Counties and municipalities are limited to a maximum of three RISE Zones. The program is administered by the Department of Commerce (Commerce).

Designating a RISE Zone first requires that institutions of higher education, regional higher education centers or non-profit organizations affiliated with a federal agency apply to Commerce to be designated a Qualified Institution. Qualified Institutions may then apply jointly with the county, municipality or the economic development agency of a county or municipality to designate a RISE Zone.

Businesses locating in a RISE Zone or an existing business doing a significant expansion within the Zone, may qualify for certain incentives, including the following:

- **Real Property Tax Credits**
  - A five- year real property tax credit on improvements of 50% for the first year and 10% in years 2-5. County and municipality can choose, by local law, to increase the credit percentage.
  - If the RISE Zone is located in an enterprise zone, the credit is 80% per year for years 1-5.
  - If the RISE Zone is located in a focus area, the credit is 100% per year for years 1-5.
  - If the zone is renewed the credit is 10% in years 6-10, unless increased by the county or municipality.
- **Income Tax Credits** that are the same as the enterprise zone income credits (\$1,000 per new employee and up to \$6,000 over three-years for hiring economically disadvantaged employees).
- **Assistance** from the Commerce Business Concierge.

## ***ACTIVITY***

The following RISE Zones have been designated by Commerce since the program's inception:

- UMB Rise Zone in Baltimore City was designated December 8, 2015. The designation expires December 7, 2020.
- University of Maryland's Greater College Park RISE Zone was designated December 5, 2016 and will expire December 4, 2021.
- UMBC RISE Zone was designated May 18, 2017 and will expire May 17, 2022.
- Salisbury University was designated September 28, 2018 and will expire September 27, 2023.
- Morgan State University was designated September 28, 2018 and will expire September 27, 2023.
- Montgomery College was designated September 28, 2018 and will expire September 27, 2023.

### ***RISE Zone Applicant Reports:***

#### **University of Maryland's Greater College Park RISE Zone**

1. List of the businesses approved for a RISE Zone Incentive in FY 2018

There have not been any businesses that have been approved for a RISE Zone Incentive in FY 2018.

2. Update on the progress of the proposed development projects

**College Park Place:** A 157-room select service hotel with 23,000 square feet of retail, including a CVS. The hotel, a Cambria, opened in 2018, and the CVS opened in 2017. The retail includes an independent restaurant called College Park Grill which opened July 2018 and Orange Theory Fitness Gym which is currently in the permitting process.

**Alloy by Alta (formerly Alta at Berwyn House):** A proposed 275-unit multifamily residential building. A fire in 2017 caused significant damage. A partial demolition began in June, and the whole building is being rebuilt. Completion is projected by the end of 2018.

**The Brendan Iribe Center for Computer Science and Innovation:** A new computer science building located at the main entrance to the University of Maryland campus, designed for cutting-edge work in virtual reality, augmented reality, computer vision, robotics and future computing platforms. Completion is projected by the end of 2018.

**The Hotel at UMD:** A 4-star hotel and conference center with 300 rooms, 40,000 square feet of meeting space, restaurants and a spa. It has 20,000 square feet of innovation space for academic research, laboratory, incubator and start-up business uses. The hotel and retail opened in September 2017. The innovation space is currently being leased. Tenants include the Capital One Innovation Lab, a partnership with the University that focuses on data analytics, machine

learning, and cybersecurity; Immuta, a private sector data management firm; and BlueVoyant, a global cyber security firm.

**The Hall:** A 15,000-square foot space that will house a premier food venue with an indoor-outdoor stage and courtyard, a teaching kitchen, performance spaces, and vibrant meeting spaces. Project is still in the planning stages.

**City Hall block redevelopment:** The City of College Park and the University of Maryland have joined forces to redevelop the block bounded by Baltimore Avenue, Knox Road, Yale Avenue and Lehigh Road. The proposal is for a new City Hall and UMD office building as well as retail space and a public plaza. Land assembly is completed and the design team is under contract.

**Milkboy ArtHouse:** A public-private partnership to build an arts venue, restaurant and bar in the heart of Downtown College Park. Opened May 2017.

**Terrapin Row:** A \$150 million redevelopment of the former “Knox Box” area as 420 units of student housing in multifamily buildings and townhouses, with 12,000 square feet of retail. Opened Fall 2016. The retail space is fully leased and includes an Amazon (drop-off location), Dunkin Donuts, Wings Over restaurant, Seoul (Korean fast-casual restaurant), and a food hall with several different food tenants.

**Southern Gateway Project (Quality Inn block redevelopment):** The redevelopment of a motel and diner site into a \$151 million upscale, multifamily housing building with 70,000 SF of retail. Bozzuto is the developer for the project. The plans for the project have been approved and Bozzuto is in the process of securing financing. Prince George’s County and the City of College Park are providing reduced property taxes over 15 years in support of the project.

**5801 University Research Court:** A 75,000 square foot office building being developed as part of the UMD / COPT joint venture. The will fully open in late 2018. The site is 80% leased by UMD’s IT department which is being relocated from the UMD campus.

**Flex product:** 110,000 square feet of flex space in two buildings, jointly developed by UMD and St John Properties. Construction started in late 2016; opened summer 2018.

**College Park / UMD Metro station joint development project:** A WMATA joint development project with Gilbane located on the station property consisting of a 430-unit multifamily residential building with 12,000 square feet of ground floor retail. Planning, negotiations and WMATA approvals are under way. The project is currently under design and engineering.

**County parking lot:** A developer team was selected in January 2017 to build a 150-room hotel with 7,500 square feet of retail on a Prince George’s County owned 2.6-acre site across from the College Park Metro Station. Construction could start in 2018. The hotel will be a Marriott Residence Inn.

**College Park Academy:** An innovative, rigorous, college-preparatory public middle and high school charter school opened in fall 2013. This was launched by the City of College Park and

UMD. Construction started in October 2016; the building opened on time in Fall 2017 for the 2017-18 school year.

Lidl: Demolition of the Clarion Inn has finished and the site is ready for the construction of a Lidl grocery store.

3. Effectiveness in attracting and retaining businesses in the RISE Zone

The program is still in its early stages. New businesses have emerged in this Zone and created new jobs, but none of these businesses applied for any of the RISE Zone incentives and credits. We cannot definitively say that the incentives attracted any businesses to the RISE Zone. While income tax credits are of course available under the program, one challenge is the focus of RISE Zone tax benefits on property taxes. We repeat commentary we offered last year: start up technology companies with University connections in the College Park area that may be candidates for assistance are much more likely to lease space in existing buildings, rather than buy land, build new and take advantage of real property tax credits. For projects such as the COPT building or the flex product now being built (and leased) through the UMD/St. John Properties joint venture, RISE zone property tax credits are difficult to market. Explaining a bifurcated property tax rate to both the landlord and prospective tenant is complicated, as some tenants may bring a qualified use, but others would not, making both application and marketing of the RISE property tax benefits challenging. We have discussed applying RISE property tax benefits through landlords for the benefit of RISE eligible tenants, and have been turned down. Legislation that was introduced during the 2018 Session of the Maryland General Assembly was designed to address the shortcomings of the RISE Zone as currently authorized, but unfortunately did not pass.

4. UMCP RISE Zone summary:

Fiscal Year 2018 Report	
No. of New Businesses	6
No. of New Jobs	87
Amount of Private Investment (\$)	\$113,275
Investment made by Qualified Institutions (\$)	\$0*
No. of Businesses Eligible for Property Tax Credit	0
No. of Businesses Eligible for Income Tax Credits	0

\*Value of UMD land contributed to projects.

**UMBC RISE Zone**

The UMBC RISE Zone was approved by Maryland Department of Commerce on May 18, 2017. This Zone includes the business and incubators located at North and South bwtech@UMBC research and technology park campuses.

During FY 2018, Baltimore County and bwtech@UMBC has continued developing an awareness strategy to inform businesses about the RISE Zone incentives and how to apply. Last year, Baltimore County created a simple application form with very basic marketing materials. This year, with the addition of a Marketing Specialist, Baltimore County is developing better marketing materials, adding information to our website, and plan to hold information sessions on a regular basis for bwtech tenants.

This past fiscal year, we have received two applications from businesses expecting to add a total of 4 new jobs. The FY 2018 plan was to continue developing a marketing strategy to all 130 tenants and begin certifying companies to take advantage of the RISE Zone credit. Both UMBC and Baltimore County are excited to share this incentive with the bwtech businesses and anticipates this credit to save small businesses money while creating new jobs in growing industry sectors.

### **UMB Rise Zone**

UMB reports that the RISE Zone designation is critical for the next phase of the BioPark. It is vital to the private development of our next building, which is projected to be a 240,000 SF building with \$125 million of capital investment. Construction has not yet started on the building. The developer is currently working on pricing.