

**Appraisal Report**  
**Grey Hosiery Mill Building & Land**  
# 301 Fourth Ave East  
Hendersonville, NC 28793

Prepared for:

Mr. Sam Fritschner  
City of Hendersonville  
# 145 - 5<sup>th</sup> Ave East  
Hendersonville, NC 28793

Prepared by:

Thomas A. Steitler, MAI  
Steitler Properties  
P.O. Box # 18554  
Asheville, NC 28814-0554  
Our File # 10290.2

As Of:

December 8, 2013

Transmitted January 29, 2014

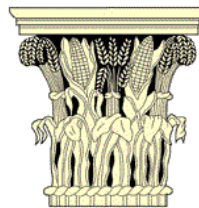
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North Carolina

## State Historic Preservation Office

Department of Cultural Resources  
Office of Archives and History  
Division of Historical Resources



### State Mill Rehabilitation Tax Credits

Henderson is Tier 3 County

[N.C. General Statute \(GS\) 105-129.70-75](#)

The creation of the North Carolina Mill Rehabilitation Tax Credits, prompted by the closure of many textile, tobacco and furniture plants during the past decade, is considered a major economic development initiative that will enhance the economic feasibility of reusing many of the state's former industrial sites. State tax credits are available for the rehabilitation of income- and nonincome-producing historic mill properties. The mill rehabilitation tax credit measures provide:

- In development tier\* one or two counties, a **40% state tax credit** for the "certified rehabilitation" of **income-producing historic structures** that also qualify for the **20% federal investment tax credit**. In effect, the combined federal-state credits reduce the cost of a certified rehabilitation of an income-producing historic structure by 60%.
- In development tier\* three counties, a **30% state tax credit** for the "certified rehabilitation" of **income-producing historic structures** that also qualify for the **20% federal investment tax credit**. In effect, the combined federal-state credits reduce the cost of a certified rehabilitation of an income-producing historic structure by 50%.
- In development tier\* one or two counties, a **40% state tax credit** for the "certified rehabilitation" of **nonincome-producing historic structures**. There is no equivalent federal credit for such rehabilitations.
- In development tier\* three counties, a state mill tax credit for the rehabilitation of nonincome-producing historic structures is not available. However the 30% state historic rehabilitation tax credit is still available.
- The state mill rehabilitation tax credit is available in lieu of (as opposed to in addition to) the state historic rehabilitation tax credit.

\*<http://www.nccommerce.com/en/BusinessServices/SupportYourBusiness/Incentives/CountyTierDesignations2011.htm>

Mr. Sam Fritschner, Esquire  
City of Hendersonville, NC  
January 29, 2013

Page Two

Appraisal Transmittal / Summary  
Appraisal of 301 Fourth Ave East  
Values as of December 8, 2013

**Thomas A. Steitler, MAI - Steitler Properties**

Real Estate Appraisals

P. O. Box # 18554

**Asheville, N.C. 28814 - 0554**

**Phone (828) 254-9798 / FAX 252 - 9798**

January 27, 2014

Mr. Sam Fritschner  
# 145 Fifth Ave. East  
City of Hendersonville  
Hendersonville, NC 28793

RE: **Complete Appraisal Analysis & Summary Report**  
Grey Hosiery Mill Building and 1.68 acres  
# 301 Fourth Ave East  
Hendersonville, NC 28793

Dear Mr. Fritschner:

In accord with our agreement, I am pleased to transmit herewith my summary report of my complete appraisal analysis of the estimated market value of the 100 % undivided interest in the reference parcels, as of a recent date. As a result of this analysis, I conclude that the market value, subject to definitions, certifications and limiting conditions set forth in the attached report, as of December 8, 2013, was as follows:

Fee Simple Unencumbered Market Value as of December 8, 2013	As Is	\$ 600,000
Fee Simple Land Market Value with improvements removed	Vacant	\$ 730,000

Acquisition Price As Is assuming a buyer would do an historic tax act renovation for 36,000 sf of one story offices at market rehab (\$125/sf) and construction (\$ 25/sf) costs and fully lease the building and place it in service at date of completion of rehab at \$ 12.50/sf absolute net rent	
Justified Acquisition price of Premises As Is	\$ 230,000 - \$ 600,000

The first two numbers reported above are true "market values" – ie the most likely price between buyers and sellers who would make highest and best use of the property – in this case, razing the improvements and building new offices or hold for more intensive investment. The lower number (\$600,000) reflects a buyer of the property as is who would have to pay to demolish the structure while also dealing with state and federal review if any state or federal funds were used.

The last number is more of a minimum investment price for this property and reflects numerous assumptions that are discussed in the attached report. Clearly, there are significant after tax returns

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that might be supported that would justify an acquisition price of as much as \$ 730,000 – depending on a number of issues – including the following:

- Buyer's ability to fully utilize all of the federal and state tax income credits in a timely fashion;
- Buyer's ability to bring in the renovation at a competitive cost that meets Tax Act guidelines;
- Buyer's ability to lease the premises at more than \$ 12.50/sf net market rate.

The reader should note that this analysis reflects private sector monetary outcomes for this property – specifically, my responses to the following two questions.

Question 1 What is the current market value of the property?

Question 2 What is the most likely price of the property assuming a private sector buyer was to purchase the property and do a tax act renovation of the existing premises?

Clearly, there may be other benefits of redeveloping this property, to the current owner, for some type of community use – such an analysis is outside the scope of this analysis. I have listed a few considerations in my final comments section below at the end of the report for the reader's consideration.

This report was prepared for and our professional fee billed to you as attorney for the City. The property was inspected and the report prepared by myself. If you have any questions concerning the appraisal, please advise at the number above. This appraisal is based on a complete analysis. The attached report is structured as follows:

- I. Assignment Conditions – Executive Summary of Conclusions –
- II. Summary Market Indices – Local Land Market – Neighborhood – Property Data
- III. Highest and Best Use – Fee Simple Unencumbered – Encumbered with Preservation Easement
- IV. Value – Fee Simple Unencumbered – Land Comparison Analysis
- V. Price – Preservation Easement Encumbered – Most Likely Scenario
- VI. Final Comments – suggestions for renovations
- VII. Addenda

Sincerely,

Thomas A. Steiller

Steitler Properties  
by: Thomas A. Steitler, MAI

# 301 Fourth Ave East

Client: Sam Fritschner, City of Hendersonville, NC

# 145 Fifth Ave East

Hendersonville, NC

Transmittal Date: January 29, 2014

Value Reported As Of December 8, 2013

## ASSIGNMENT CONDITIONS

<i>Summary of Appraisal Assignment Specifications</i>		
# 301 Fourth Ave. East Hendersonville, NC		
Property - Tax Parcel	9568-88-7494 & 9568-88-9495	County tax values as of Jan 1, 2013
County Tax Value - Land	\$898,000	1.68 acres
County Tax Value - Improvements	\$360,600	33,331 sf built 1925 / 1965
County Tax Value - Total (at 1/1/2013)	\$1,258,600	
Last Deed Reference	3/16/90 deed from Wm Becher for \$ 200,000 - included lot across 4th Avenue	
Client	Sam Fritschner, attorney / City of Hendersonville	
As Of Date of Value	December 8, 2013	December 8, 2013
Report Transaction Date	January 29, 2014	January 29, 2014
Appraisal Premise / Value Reported	Unencumbered Fee Simple Market Value	Encumbered Fee Simple Market Value Using 50% Mill ITC
Highest & Best Use	Raze Bldgs for new office / multi family use	Renovate / build total of 36,000 sf with Mill Tax Credits for office use
Highest & Best Use Premise	As Is Market Value reflects buyer demolition cost at \$ 5/sf and 6 month delay (at 5% discount)	As Is Value reflects buyer who would renovate for office use
Most Likely Buyer	Local or regional developer or Owner Occupant	Regional preservation developer or Owner Occupant
Market Value As Is	\$ 600,000	
Vacant Land Market Value	\$ 730,000	
Most Likely Price given office Renovation - As Is - Minimum		\$230,000
Extraordinary Assumptions	None - Value reported = Market Value	Most likely price / investment value dependent on a number of factors including those below - none reflect traditional market value

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Extraordinary Assumptions for Encumbered Price Analysis Only	<p>Of the various scenarios, an office renovation of the entire structure is most likely and reflects the following extraordinary assumptions: private sector investor does tax act renovation of entire structure - estimated costs are \$ 125/sf on and in building and \$ 25/sf outside building;</p> <p>Investor can fully utilize state and federal investment tax credits - amounting to \$ 900,000 federal and \$ 1.35 million state of NC;</p> <p>investor leases the property during construction at absolute net rent of \$ 12.50/sf (current office market net rent);</p> <p>value of the property after renovation is \$ 5,630,000 based on market rent of \$ 12.50/sf and 8% BT property cap rate;</p> <p>Total rehab and new construction costs are \$ 150/sf x 36,000 sf = \$ 5,400,000</p> <p>Apparent acquisition value of existing premises is therefore total value at end of rehab less rehab costs or \$ 230,000.</p>	
Property Owner (Fee)	City of Hendersonville	City of Hendersonville
Appraisal As Of Date	December 8, 2013	December 8, 2013
First Inspection date	December 8, 2013	December 8, 2013
Date of appraisal transmittal	January 29, 2014	January 29, 2014
Scope of Appraisal	<p>Inspection, review of 2008 engineer condition report, onsite measurements, available drawings, interview with Hendersonville Planning staff and Jennifer Cathey of State Preservation office, review of recent land and building sales and for sales and rents in the Henderson and Buncombe markets, review of available tax credits.</p> <p>Market value estimates based on credible market research. Most likely price of this property assuming a buyer will renovate essentially all of the building for a 1 story office at market rents is also estimated based on best available evidence but necessitates far too many assumptions to warrant being characterized as a market value. The best that can be said is that these numbers suggest an is price of something more than \$ 230,000 - perhaps considerably more depending on a buyers tax situation and ability to secure a long term tenant.</p>	

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## Narrative Summary of Appraisal Analysis

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1. **History** - Subject was designed and built as a knitting mill – original SW corner built at 1915, subsequent additions in 1919, 1947 and 1960's – used for a few years as City Water Dept offices – vacant for at least 10 years +.
2. **Land Premises**- Premises consist of western portion of block bounded by 4<sup>th</sup>, N Grove, 5<sup>th</sup> and N Pine Street. Site is level at grade – site area estimated at 1.68 acres herein or 73,181 sf +/- . Site zoned CMU allowing a wide range of uses including offices and multi family. Site partially developed with mill building of 33,374 sf – appraiser estimates an office building of about 36,000 sf of 1 story would maximize development on subject site with an on site parking ratio of 4 spaces per 1,000 sf of office. Land would have substantial appeal for office use and perhaps other uses in the future due to its adjacency to Henderson County Courthouse campus. Site is 1 – 2 blocks removed from main commercial / retail / traffic corridors in Hendersonville.
3. **Purpose of Appraisal** Provide a benchmark transaction market value for subject as is and also assuming it had to be developed with a tax act renovation.
4. **Building Premises** One story building built in at least 4 sections – property is individually listed on the National Register of Historic Places. Extensive condition and environmental work was done in 2008 – property was first inspected by this appraiser in December 2013 – it is apparent that most of the “mothballing and maintenance work recommended at that time has not been done recently. Building appears to be still structurally sound in terms of frame but there is extensive damage to floors, ceilings and wiring and all other mechanicals.
5. **Neighborhood Influence** Site is 1 – 2 blocks removed from main commercial / retail / traffic corridors in Hendersonville. Long term future of subject neighborhood is positive due to influence of Henderson County Courthouse campus.
6. **Land Market** Land market in rough equilibrium - characterized by limited demand and an ample supply of commercial sites. Prevailing price levels on the CBD periphery along existing commercial corridors is \$ 15 - \$ 25/sf – recent / current new construction includes branch bank and chain drug store. Sites with lesser traffic counts and exposure sell for \$ 3 - \$ 10/sf for larger sites or suburban office or secondary commercial use sites.
7. **Improved Property Market** Commercial improved property market characterized by improving rental market. Prevailing office size is less than 5,000 sf with some few exceptions – nearby there are two blocks are both taken up with structures that encompass an entire block – Clyde S & L and First Presbyterian Church.
8. **Highest & Best Use Fee Simple Estate**
  - a. **Vacant** If vacant and with existing commercial zoning, subject would probably be used, in this market, for low rise offices, service use or residential. Conclusion of this



analysis was a vacant land value vacant of \$ 730,000 or \$ 10.00/sf of land. In order to produce a vacant site for new use would require demolition of existing improvements in order to get back to a vacant site. Appraiser first deducted demolition costs of the improvements at \$ 3/gross square foot. Appraiser then deducted a discount for timing of 6 months to effect these changes. Resulting value for a vacant site but with the existing buildings on site was obtained of \$ 600,000.

- b. **As Improved** Appraiser compared subject to other improved property sales and determined that current improvements are at the end of their economic. Appraiser estimated the likely as is value assuming the property were renovated and tax credits taken – this analysis produced a minimum price for subject of \$ 230,000. Therefore, the market value of the property is as a potential site for new office construction.

#### 9. Valuation – Fee Simple Estate

- a. **Land Value as Vacant** Value of the underlying land is estimated herein at \$ 10.00 / sf (main site) or \$ 730,000 rounded based on our analysis.
- b. **Land Value As Is** A likely buyer would have to demolish the premises and, if state or federal funds were used, would have to get approvals from the local office of the State Preservation Office – appraiser has also discounted the price 5% to account for up to a 6 month delay in accomplishing the demolition.
- c. **Land Price assuming Tax Act Renovation - Price of \$ 230,000 minimum for subject as is, calculated based on projecting a market development (a one story office of 36,000 sf including renovation of the existing 34,000 +/- sf Mill Building – more might be paid due to significant tax credits available but no one would likely pay more than the as is land value (\$600,000).**

#### 10. Reconciliation

The value analysis is based on the best available objective market data. The vacant land value is well supported even though there have been few directly comparable land sales. The discounts for timing and demolition costs are less precise but provide a ball park of what the As Is property value might be.

Since the highest and best use of the site (at least in the private sector) is for demolition of existing structure, then any use or renovation of the building would produce a lesser value and therefore does not represent MARKET VALUE.

#### 11. Final Comments

Clearly, there may be another or other analyses done based on Public Use Value and the monetary and cultural and societal benefits to be accrued to the community by keeping this Mill property intact and reused for a more demanded public or



private use. Such an analysis is beyond the scope of this appraisal – Some of the issues that might be addressed include:

- a. Site location adjacent to Henderson County facilities would facilitate convenience for local population;
- b. Community could utilize the facility as a low intensity park with a very basic renovation / maintenance rehab of the Mill building as an interim use while funds are raised to construct additional conference / meeting facilities.
- c. As a minimum, City could start application for Mill Project Status that would help grandfather any subsequent project as the tax credit legislation for the state may sunset at the end of this year.
- d. Community use might be facilitated by having the City transfer title to a profit making entity in return for a rent payment / /ease by the City to the new developer / owner – City gets building for community use and developer gets access to income stream and tax credits (similar in concept to the Grove Arcade in Asheville – that was transferred to and rehabbed by Progress Energy and leased to the public).

## DEFINITION OF MARKET VALUE

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"The most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a) Buyer and seller are typically motivated;
- b) Buyer and seller are well informed or well advised, and each acting in what he considers his own best interest;

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- c) The property is exposed for a reasonable time on the open market;
- d) Payment is made in cash in US dollars or in terms or financial arrangements comparable thereto;
- e) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>



<sup>1</sup> Source: Federal Reserve Board; Uniform Standards of Professional Appraisal Practice; also consistent with pages 3 - 8 1of Uniform Appraisal Standards for Federal Land Acquisitions, Interagency Land Conference 1992, Washington DC.

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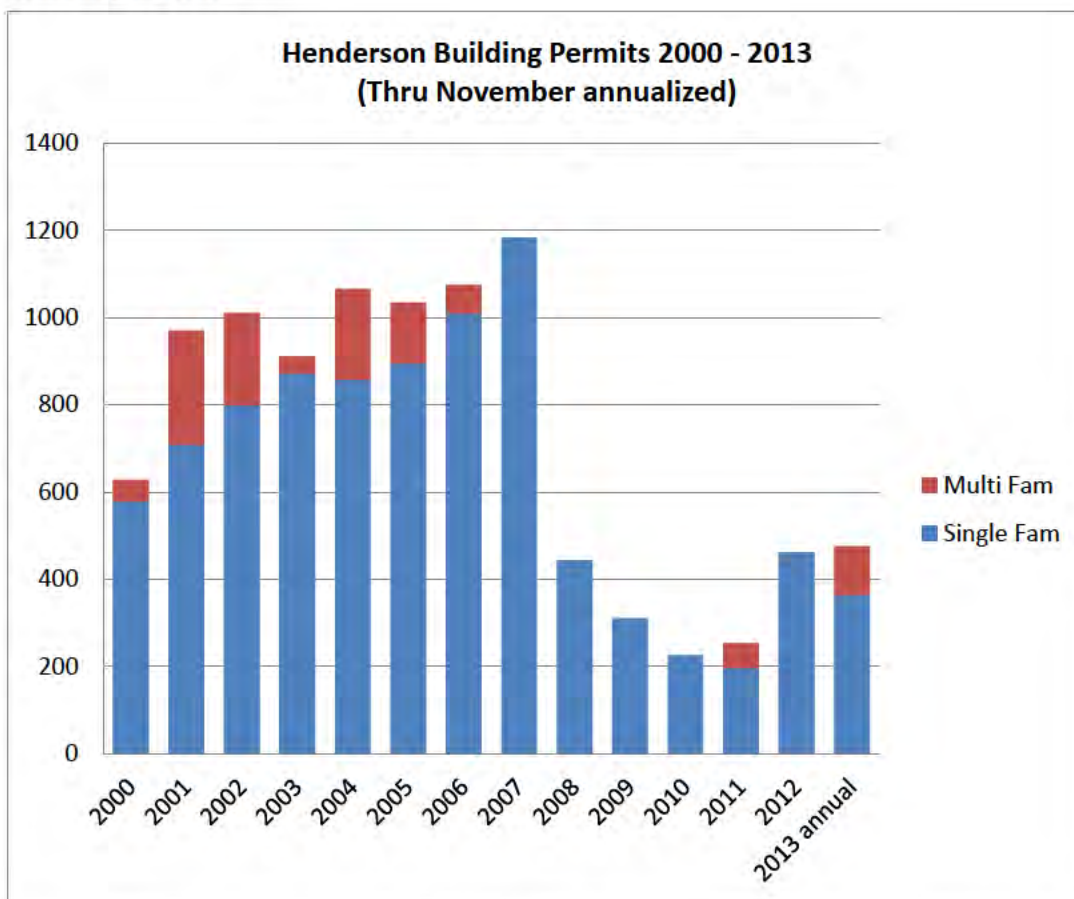
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## Area Data

Appraisal comments will be brief and summarize key demographic and real estate market information.

### Building Permits



Hendersonville and Henderson County markets are slowly recovering from the recent recession – chart above reflects gradual recovery – pace is still 50% off peak rate of 2005 – 2007.



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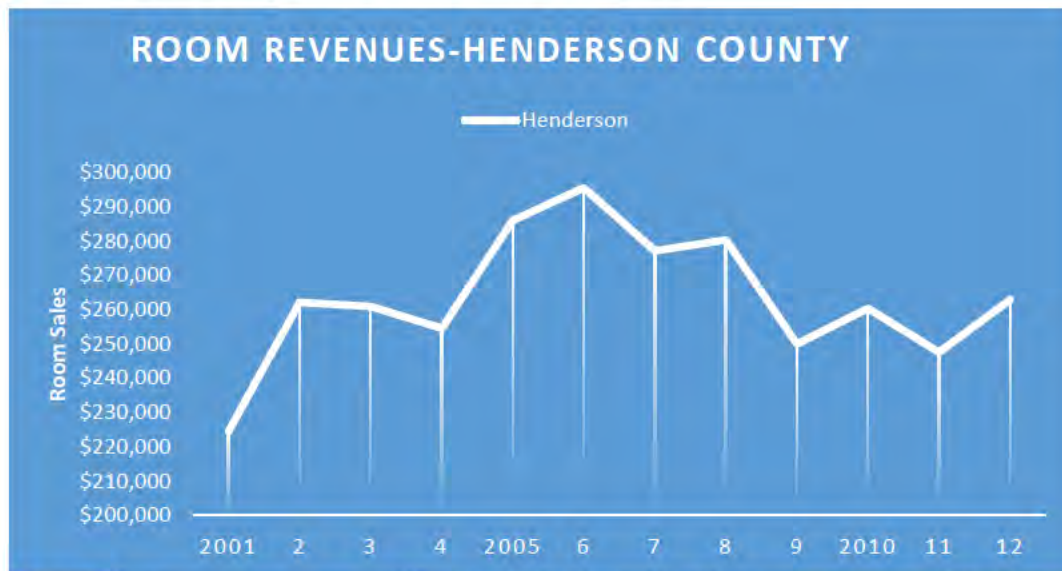
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**Retail Sales – Henderson County**

Chart shows a recovery that started in 2010 and has maintained a fairly constant pace of increase of 5 % / year in current dollars since 2011.

**Room Revenues**

The attached charts detail room revenues in Henderson County – using as a metric room revenues as reported to local Tourism Development Authority. What is clear from this is that room revenues / tourism peaked in 2006 and has been sluggish since – with a slight rebound – this contrasts with Buncombe County which has seen an expansion of the demand in

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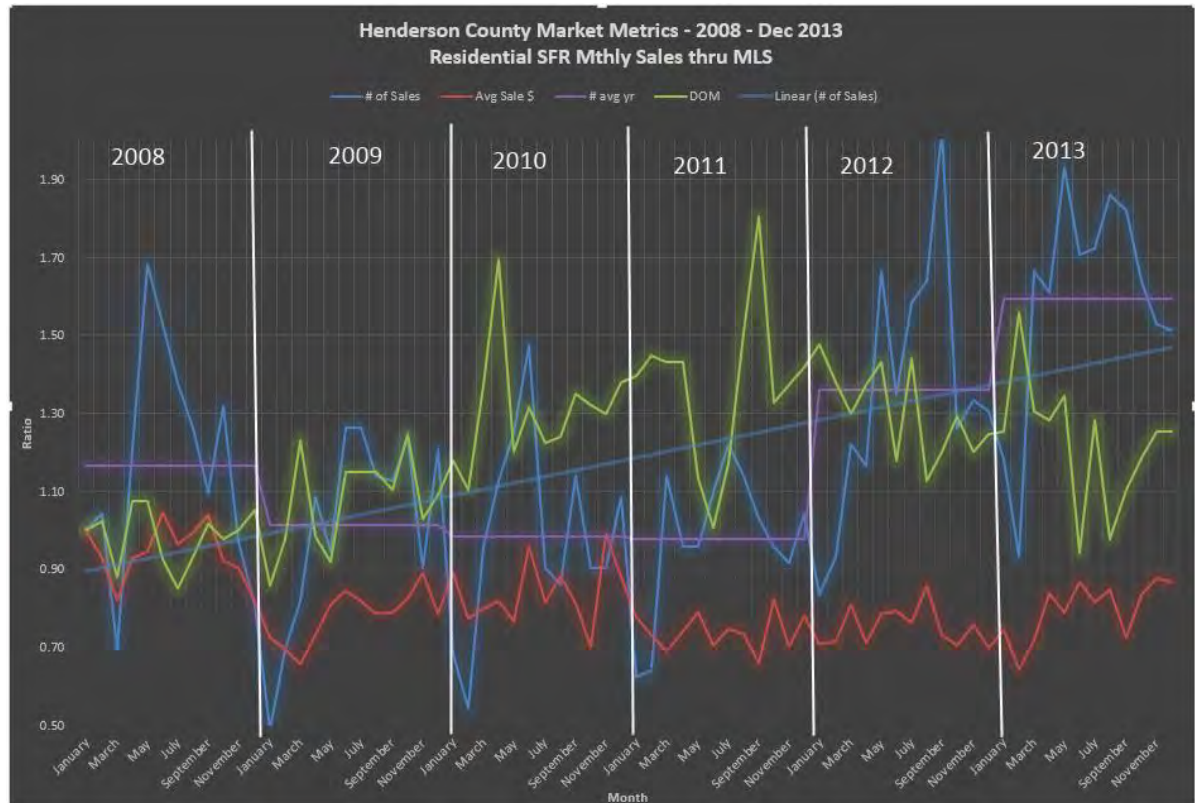
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terms of room revenues as well as an increase in supply – there are 4 hotels planned or under construction in the CBD currently in Asheville.

### HENDERSON COUNTY RESIDENTIAL MARKET METRICS



### HENDERSON COUNTY RESIDENTIAL MARKET METRICS

**Discussion** The chart above summarizes 3 different indices of market supply and demand for detached residential market in Henderson County over the period since January 2008. In addition, the chart shows the annual averages for monthly sales – actual data follows as well as reference data for Buncombe County for same period. The chart normalizes changes since January 2008 in the following market indices (source is Hendersonville MLS)

For reference purposes, base data for **January 2008** was as follows:

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- Days on Market (DOM) 134 days from list to closing in Henderson County market at January 2008 – 100 days in Buncombe market at same time
- Average Sales Price (Avg SP) \$ 275,187 in Henderson County market at January 2008 - \$ 275,777 for the Asheville market – this was 97% of list which is steady
- # of Sales in Month (Number) 72 sales in Henderson County market at January 2008 - 181 for the same period in Buncombe County– all subsequent intervals are 1 month also

**Days on Market** This has been edging up and peaked at 227+ days in April 2010 – this has continued to trend up throughout 2011 (242 days at Sep. 2011) – a sign housing market was still soft in terms of demand – 2012 average time on market was 175 days in Henderson and 165 days through first 9 months of 2013 – comparable rates for Buncombe were 152 days in 2012 and 138 days in 2013 to date.

**Sales Price** Average home sales price peaked (for SFR's) in June 2008 at just over \$ 287,000 – low was at \$ 177,000 in March 2013 in Hendersonville. Sales peak was October 2008 in Buncombe at \$ 330,000 and low was February 2012 at \$ 222,000. Average sales price in Henderson in 2012 was \$ 207,000 – average in 2013 to date has been \$ 214,000. Comparable figures for Buncombe are \$ 252,000 in 2012 and \$ 262,000 in 2013 to date.

**Number sales** This overall measure of demand hit its high point in May 2008 at 121 units - lowest point at 35 sales in January 2009. Number of sales is consistently low in the winter months and high in the summer and fall months. Averages by month for 2008 through 2013 to date and the year to year change follows.

#### Average monthly MLS sales

	Henderson			Buncombe		
2008	84			200		
2009	73	- 13%		152	-34 %	
2010	71	- 3 %		155	+ 2 %	
2011	70	- 1 %		162	+ 5 %	
2012	98	+ 40 %		193	+ 19 %	
2013	115	+ 17 %		233	+ 21 %	

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**Summary – Area Data**

In general, available market data

suggest real estate and other markets in Henderson County are slowly rebounding from the recent recession lows of 2009 – 2010 – housing market has already rebounded – average number of home sales / month from 2005 through 2007 was 153 – about ½ of the 45% drop in 2008 activity has been accommodated in increases in the last 2 years – 2013 pace of 115 sales / month is 75% of the boom level of 153/month.

In Buncombe, boom level of MLS SFR sales was 332/month for 2005-2007 – 2008 level reflected a 40% drop – recent 233 level reflects a 30% drop – less of a rebound in Buncombe as in Henderson County.

Finally, building permit and retail sales charts also reflect a gradual rebounding but still less than boom levels.

**Discussion of Commercial Land Market – Hendersonville & Environs**

Appraiser did a search of all land tracts that are either offered for sale in the Hendersonville Market currently of between .5 and 3.5 acres – they are listed below.

Summary of Urban Tracts - Hendersonville & Asheville - .5 - 3.5 acres							
	Current Hendersonville Land Listings	For Sale \$		Size (acs)	List \$/SF	DOM	List Date
1	Spartanburg Hwy near Upward Rd	\$1,675,000		1.35 acres	\$28.48 \$/SF	1801	11/5/2007
2	Brevard Rd at Pisgah Dr - Laurel Park	\$1,750,000		1.75 acres	\$22.96 \$/SF	86	7/16/2012
3	4 Andrew Way at Airport Commercial Park	\$1,375,000		1.47 acres	\$21.47 \$/SF	1182	7/16/2009
4	7 Christel Lane at Airport Plaza Commercial Park	\$1,375,000		1.56 acres	\$20.23 \$/SF	1182	7/16/2009
5	1008 Fleming St close to hospital	\$1,050,000		1.32 acres	\$18.26 \$/SF	533	4/26/2011
6	Four Seasons Blvd at Freeman St	\$1,800,000		2.30 acres	\$17.97 \$/SF	1267	4/22/2009
7	Asheville Hwy N of Butler Bridge Rd	\$1,700,000		2.40 acres	\$16.27 \$/SF	3789	5/27/2002
8	2330 Asheville Hwy (at Berkeley)	\$1,900,000		2.97 acres	\$14.69 \$/SF	2261	8/2/2006
9	904 Greenville Hwy (now a MH park)	\$1,350,000		2.25 acres	\$13.77 \$/SF	534	4/25/2011
10	314 Freeman Rd at Four Seasons Blvd	\$1,200,000		2.30 acres	\$11.98 \$/SF	1100	10/6/2009
11	3529 Asheville Hwy	\$995,000		2.72 acres	\$8.40 \$/SF	1484	9/17/2008



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**Discussion – for sales**

In talking with brokers, market for vacant commercial land has rebounded slightly in this area although there still is a considerable supply of well-located commercial sites. There has been highway construction on Upwards Road which has probably dampened demand in this area while traffic patterns are disrupted with road construction. The above data would suggest that the highest ask prices are for lands on Four Seasons Boulevard, Spartanburg Hwy, near the Airport or Hospital. Ask prices of \$ 16-\$28/sf represent the high end of the for sale market.

**Discussion – sold tracts**

Tracts that have sold in Hendersonville and Asheville Markets since July 2012 – last 16 months are summarized in the following chart – detailed information has been retained in appraiser's files.

	Small Commercial Land Sales since 7/2012	List \$	Sold \$	Size (acs)	Sold \$ / SF	DOM	Sold Date
H	1880 Spartanburg Hwy - Cason Property - under contract for big box - confidential	\$3,000,000		11.98 acres	\$5.75 \$/SF	List Price	Contract
H	522 S Main Street - CVS # 5537 - purchase from Boyd Hyder		\$2,200,000	2.17 acres	\$23.27 \$/SF		5/22/2013
H	3665 Hendersonville Rd - Fletcher across from Sunshine Chevy	\$900,000	\$800,000	1.71 acres	\$10.74 \$/SF	1513	5/29/2013
H	899 Spartanburg Hwy (old Bldg no value)	\$1,150,000	\$857,000	2.10 acres	\$9.37 \$/SF	566	1/8/2013
A	183 Haywood Street - Asheville CBD - new mid rise hotel planned		\$2,100,000	0.92 acres	\$52.40 \$/SF		5/6/2013
A	100 - 120 Merrimon Ave - site of new Trader Joe's - 3 bldgs razed - CBD periphery		\$3,240,000	1.64 acres	\$45.35 \$/SF		7/11/2012
A	Biltmore Ave - next to hospitals		\$1,920,000	1.04 acres	\$42.38 \$/SF		12/31/2012
A	568 Weaver Boulevard - retail spin off - Auto zone		\$1,495,000	1.58 acres	\$21.72 \$/SF		8/5/2013
A	15 Clayton Street at Central - adjacent to CBD - HBUse is offices	\$1,600,000	\$1,100,000	1.36 acres	\$18.57 \$/SF	851	8/2/2013
A	354-360 Merrimon Ave - bank seller	\$895,000	\$756,000	2.36 acres	\$7.35 \$/SF	303	5/1/2013
A	288 Overlook Rd (Overlook Business Park - bought for assisted living)	\$969,000	\$785,000	5.34 acres	\$3.37 \$/SF	212	12/3/2012
A	SandHill at Sardis Rd - bought by car dealer	\$495,000	\$280,000	2.34 acres	\$2.75 \$/SF	20	8/9/2013

**Henderson County**

The first 4 properties represent 3 sales and 1 contract in Henderson market – 2<sup>nd</sup> sale is the new CVS under construction on south end of Main Street – 3<sup>rd</sup> sale is a site in Fletcher – site of a new bank branch under construction – 4<sup>th</sup> sale is recent purchase by a local co-op of a site at a lighted intersection at the railroad bridge on Spartanburg Highway.

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**Buncombe County**

As can be seen, the first 3 sales reflect the high end of the Asheville market recently – at \$ 42 - \$ 52/sf – these sites are better in appeal relative to subject locale – on the CBD periphery – but reflect a higher prevailing price level in Asheville – at least near and in the CBD. The two sales around \$ 20/sf in Asheville reflect a periphery site in a residential neighborhood and also a spin off site in a commercial highway market in Weaverville and are more typical of spin off sites (ie sites in front of retail centers) prices in the Buncombe and Henderson markets.

H	Older Hendersonville Land Sales	List \$	Sold \$	Size (acs)	Sold \$ / SF	DOM	Sold Date
H	1865 Spartanburg Hwy (Boyd)	\$1,800,000	\$1,300,000	9.58 acres	\$3.12 \$/SF		3/4/2011
H	1717 Four Seasons Blvd - Times News razed for Goodwill Industries		\$2,775,000	3.53 acres	\$18.05 \$/SF		7/27/2009
H	2001 Spartanburg Hwy - CVS at Ingles at Upward Rd intersection		\$1,530,000	1.81 acres	\$19.41 \$/SF		12/22/2006
H	McKenna Drive off Four Seasons (Lowes)		\$2,900,000	15.68 acres	\$4.25 \$/SF		1/6/2005

The sales above reflect older sales in the Henderson market and are presented for historical context – Boyd purchase is of a former mobile home park currently being turned into a car dealership – Goodwill sale is in a prime locale across from Blue Ridge Mall – older CVS sale is next to Ingles on Spartanburg Hwy at Upward Rd and last sale is Lowe's acquisition off Four Seasons Boulevard.

In conclusion, the market for commercial land in Hendersonville currently is fairly balanced with some demand coming from national chain drug stores and restaurants / financial institutions but coupled with an extensive supply of available sites. The prevailing price levels appear to be in the following general ranges:

Prime commercial highway sites for national franchise drug, big box retailers, financial

\$ 15 - \$ 25/sf for 1 – 2+/- acre sites with traffic >= 20,000

Secondary commercial sites for local offices, retail / service uses exposed to lesser traffic counts

\$ 3 - \$ 10/sf for 1 – 5 acre sites with traffic > 10,000 or near CBD

# 301 Fourth Ave East

Client: Sam Fritschner, City of Hendersonville, NC

# 145 Fifth Ave East

Hendersonville, NC

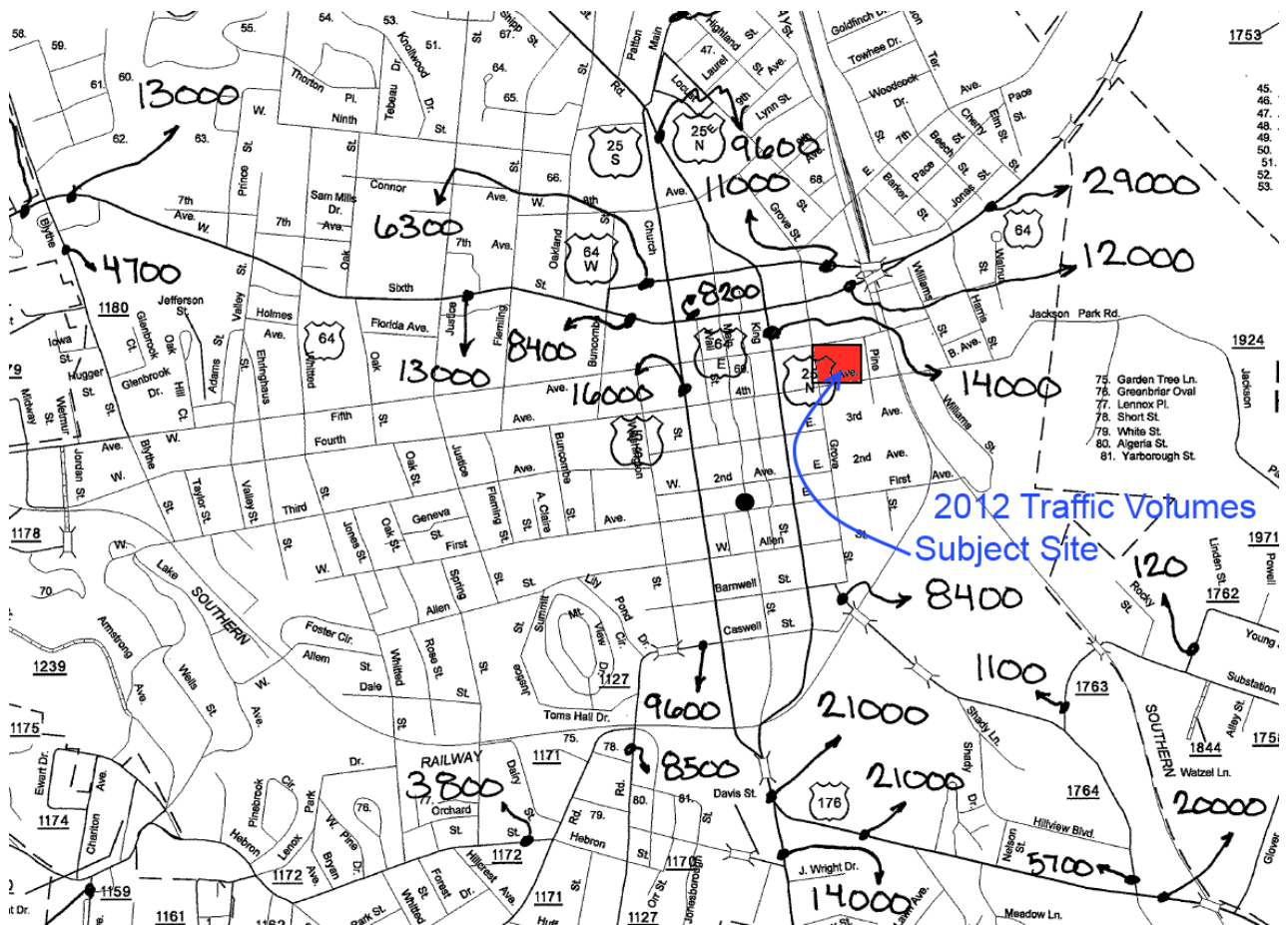
Transmittal Date: January 25, 2014

Value Reported As Of December 8, 2013

## Neighborhood - Property Data

The neighborhood of subject site is the mixed commercial development surrounding 4<sup>th</sup> and N Grove Streets for several blocks centered on Henderson County offices – land uses in this area are a somewhat heterogeneous mix of older mercantile structures along King and N Grove and scattered small detached offices as well as more industrial / shop type space to the north and astride the railroad that passes through this area. Future land use trends are positive due to stabilizing influence of Courthouse.

However, as traffic map below shows, this area lies outside of the main traffic corridors – along US 64 and Main Street axis. Further, this area lies outside of the Main Street National Historic District as well as any locally designated historic districts.





# 301 Fourth Ave East

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# 145 Fifth Ave East

Hendersonville, NC

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## 2012 Traffic Maps – Average Daily Traffic Volumes



Neighborhood overview east of Main Street – City holdings at upper left  
Neighborhood detail below – Builder Supply to right – Brunson's warehouse sales to left





# 301 Fourth Ave East

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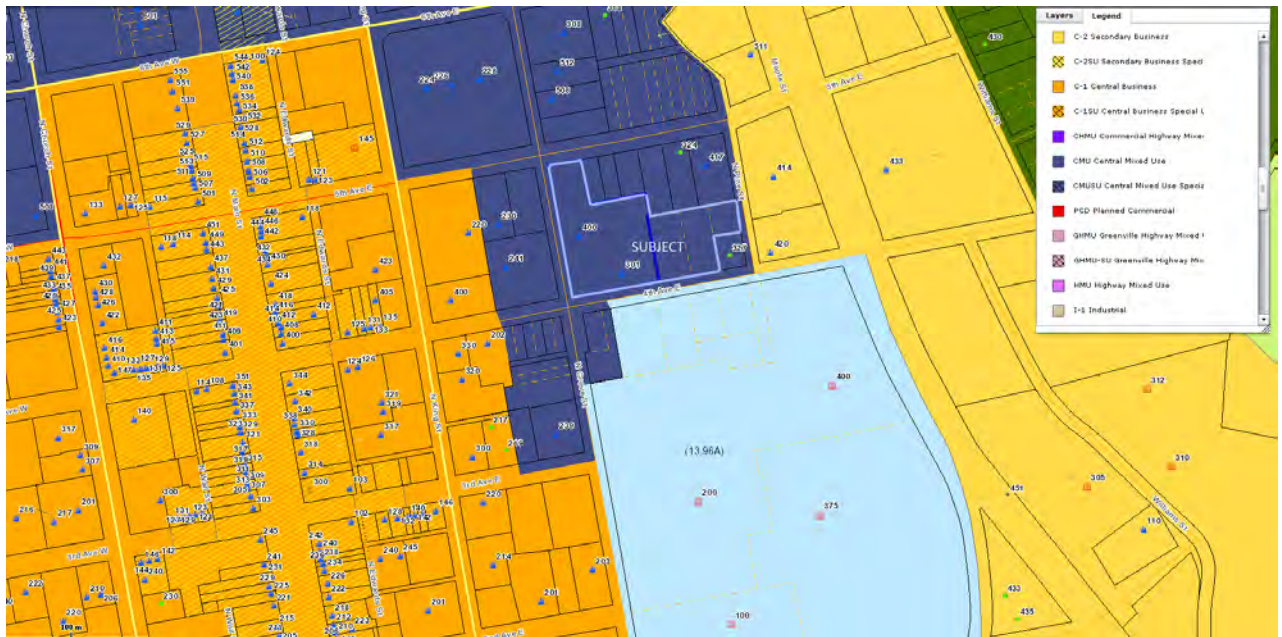
# 145 Fifth Ave East

Hendersonville, NC

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**Conclusion** Immediate neighborhood environs are a heterogeneous mix of older mercantile, vacant land and established institutional land uses – large office south of Home Trust was sold via trustee deed in 2011. While the Courthouse will stabilize demand and appeal for this area for the future, subject is about 1 block removed from more immediate private demand from Main Street / King Street corridor.



Overview of zoning map for subject neighborhood – existing national register historic district is centered on Main Street

Lands in vicinity of subject are in slow transition from service oriented uses for the local community – typically housed in either older brick mercantile structures or in more recently built metal clad and framed structures. Several office / retail complexes were built on periphery locales around the Hendersonville CBD during the boom – none have been very successful due to the slowdown in the market and lack of business expansions locally. Therefore, the pace of transition of subject neighborhood to more intensive land uses, envisioned in 2006 has not come to pass and a continuation of current land uses is more likely for the foreseeable future. There has been some new commercial highway construction on Spartanburg Highway and also Upward Rd (including the recent sale of a site for new CVS drug store at US 176/US 25 intersection).

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# 145 Fifth Ave East

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**Property Data**

Subject is an individually listed National Register of Historic Places property which includes an extra tax lot to the east. The property is an old Mill that is designated due to its association with historic events, architecture and history – appraiser's summary of National Register Nomination is below. Interview with person who would review proposed renovations for historic significance indicated that all of the footprint (save maybe the 1960's vintage metal addition) would have to be kept as well as the clerestory ceilings and Mill feel of the interior.

	National Register Nomination - Grey Hosiery Mill
	301 4th Ave East
	SHPO signed form 8/30/2000
Significance	Associated with events
	Embodies property characteristics
	Architecture / Industry
	Period 1915 - 1947
	Significant Dates 1915 - 1919 - 1947
	Unknown architect / builder
Acreage	1.64 acres
	Only historic industrial bldg left in Hville
	Separated from Main Street Historic District by one block of non contributing structures
1915 Portion	Served as knitting room at NE corner 4th and N Grove
	Main door / entry on south façade
	Bead board ceiling clerestory - wood floors
1919 addition	extends to east along 4th Ave of original
	one story on basement used for shipping and storage of similar configuration but with no clerestory
	at the rear is a 4 bay shed roof shop of corrugated metal siding
1947 addition	extends north along N Grove - brick utilitarian design
	concrete floors, steel roof beams, no clerestory and open plan
Use	Captain James Gey built plant in 1915 -family operated hosiery mill until 1965 then
	Holt Hosiery Mills of Burlington bought and operated until 1967.
	Plant originally produced knee length ribbed stockings for children on 32 knitting machines
	Grey Hosiery produced 66,000 pair of women's seamless nylons weekly and
	employed 250 people at its peak

# 301 Fourth Ave East

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# 145 Fifth Ave East

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How tax benefits for Mill renovations might be utilized by the City to keep the building intact.

If the city were willing to pay \$ 37,500/month (ie \$ 12.50/sf absolute net) on a 25+ year lease, then the property could be renovated by a private sector entity, who would take the tax credit, rehab the building - such a use assumes that this facility would replace 36,000 sf of other facilities that the City is currently occupying. A pro forma has been completed of potential returns - see below - detail income pro forma in addenda

Line #		\$ / Bldg Sq Ft	\$ Extended
1	Total property investment - BT - OFFICE	\$156.39	\$5,630,000
2	Available BT return on 36,000 sf from income analysis	\$450,000	7.99%
3	Total property investment - AT	\$93.89	\$3,380,000
4	Available return - AT		13.31%
5			
6	Qualified Rehab Expenses ("QRE")	\$125.00	\$4,500,000
7	Other Rehab Expenses Not Eligible	\$25.00	\$900,000
8	Total Rehab	\$150.00	\$5,400,000
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10	State Tax Credits @ 30% QRE "Tier 3 County	\$37.50	\$1,350,000
11	Net Rehab Expenses AT	\$87.50	\$3,150,000
12			
13	ACQUISITION COST	Before Tax	After Tax
14	Property Value at end of Rehab	\$5,630,000	\$5,630,000
15	Less Cost of Rehab	\$5,400,000	\$3,150,000
16	Apparent initial acquisition cost	\$230,000	\$2,480,000
17			
18	EQUITY COST	Before Tax	After Tax
19	Property Value at end of Rehab	\$5,630,000	\$5,630,000
20	75 % loan at 6%, 20 years	\$4,222,500	
21	65 % loan at 6%, 20 years		\$3,659,500
22	Cost of Rehab	\$5,400,000	\$3,150,000
23	Net Equity required (available from loan)	\$1,177,500	-\$509,500
24			
25	Estimated Land Value - Vacant	\$10.00 \$/L-SF	\$730,000
26	Estimated Land Value - As Is	\$7.24 \$/L-SF	\$530,000
27			



# 301 Fourth Ave East

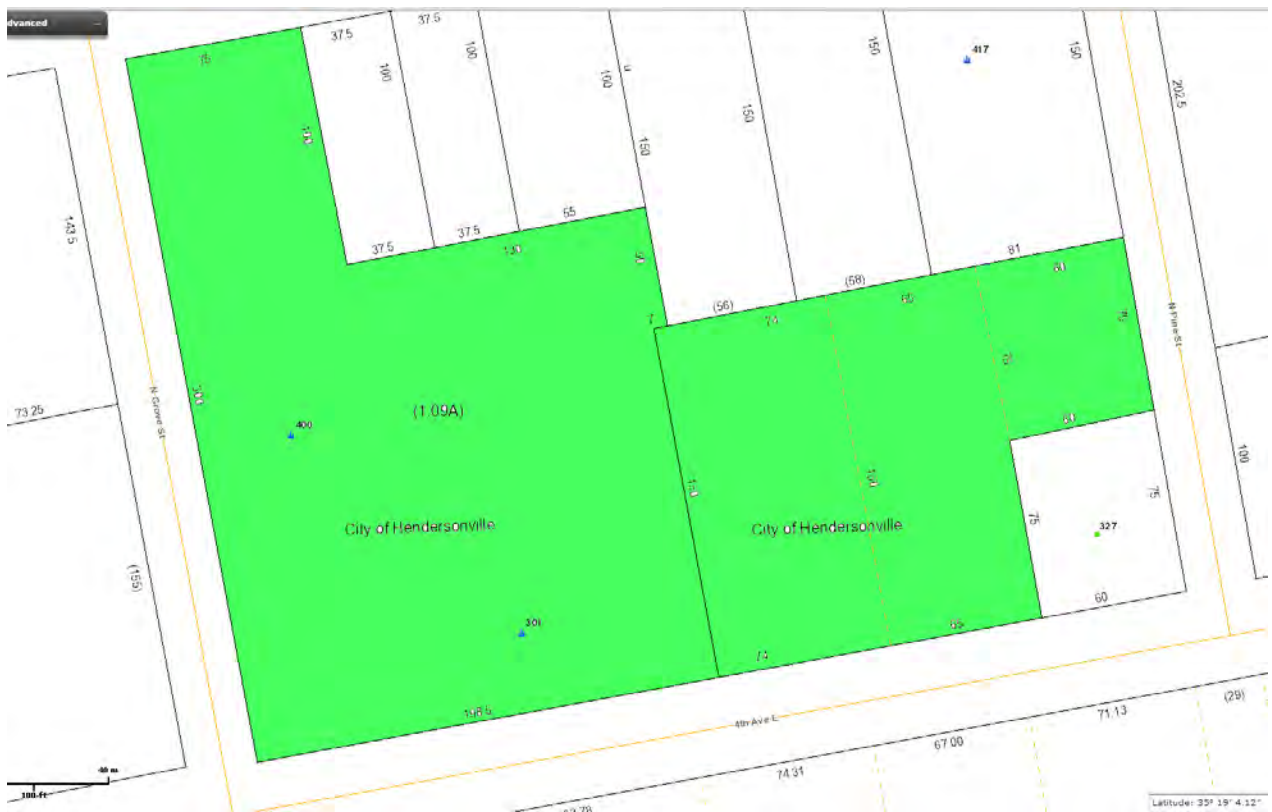
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# 145 Fifth Ave East

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Site is an irregular shaped tract that comprises the majority of a city block – tax map drawing above – estimated land area is 1.68 acres or 73,181 sf. Property is developed with a one story building – diagram attached and aerial.



Exterior facades – south at left and southeast at right

# 301 Fourth Ave East

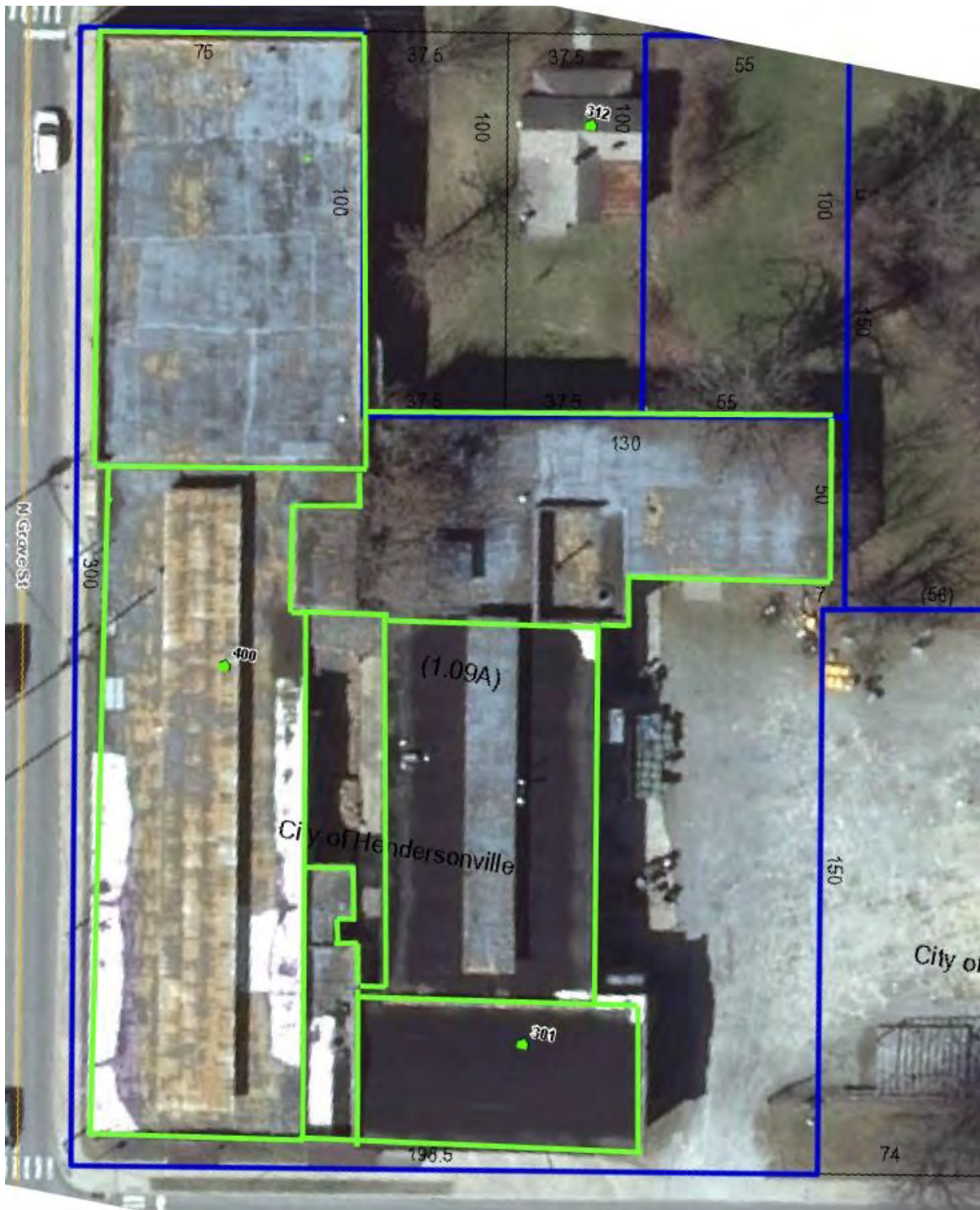
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# 145 Fifth Ave East

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Detail – County aerial from 2010 – north is up



# 301 Fourth Ave East

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# 145 Fifth Ave East

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At the end of this report, a Photograph Appendix contains photographs of each issue noted in the report. For the purposes of this report, each addition is broken down as follows:

Area 1: 1919 Construction

Area 2: 1919 Construction

Area 3: 1947 Construction

Area 4: 1919 Construction

Area 5: Year unknown. Based on the site visit, this addition was likely constructed in the 1960s or 1970s.

Area 6: 1919 Construction

Area 7: 1915 Original Construction

Area 8: 1947 Construction.



Areas per appraiser approx.. measurement are as follows.

Summary of Approx. Bldg Areas		
Date of Const.	Size	% Total
1915	9,350 SqFt	28.0%
1919	12,584 SqFt	37.7%
1947	7,840 SqFt	23.5%
1960-79	3,600 SqFt	10.8%
Full	33,374 SqFt	100.0%
Historic	29,774 SqFt	89.2%

On date of inspection, water was penetrating in several spaces and although the structure looked basically sound, all of the interior finishes and many of the exterior walls would need substantial repair or refurbishment – mechanical systems are at or near end of their lives. Results of Level 1 Environmental review

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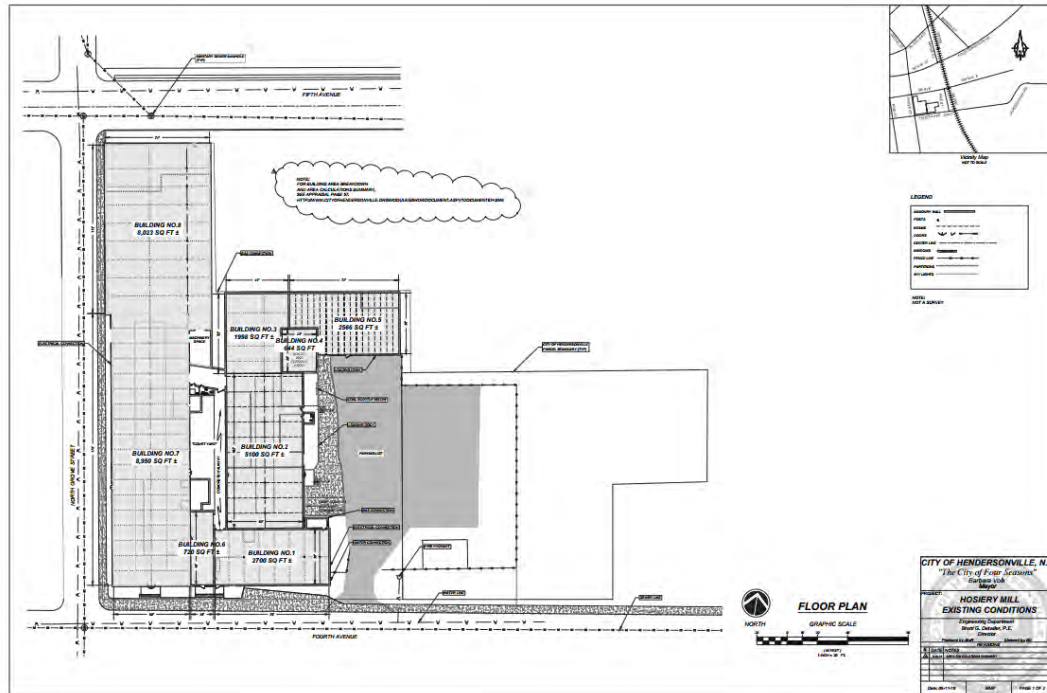
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Hendersonville, NC

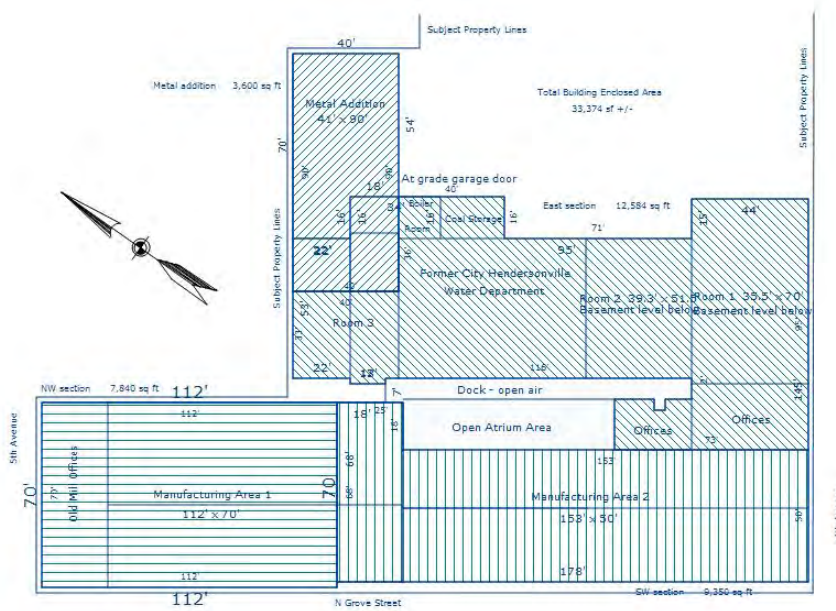
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(done in 2004 which was really an update of 1995 study – City ownership started in 1990) indicated there were environmental issues but that they were likely minor – further work was advised.



From Planning Document above / Appraiser Drawing below



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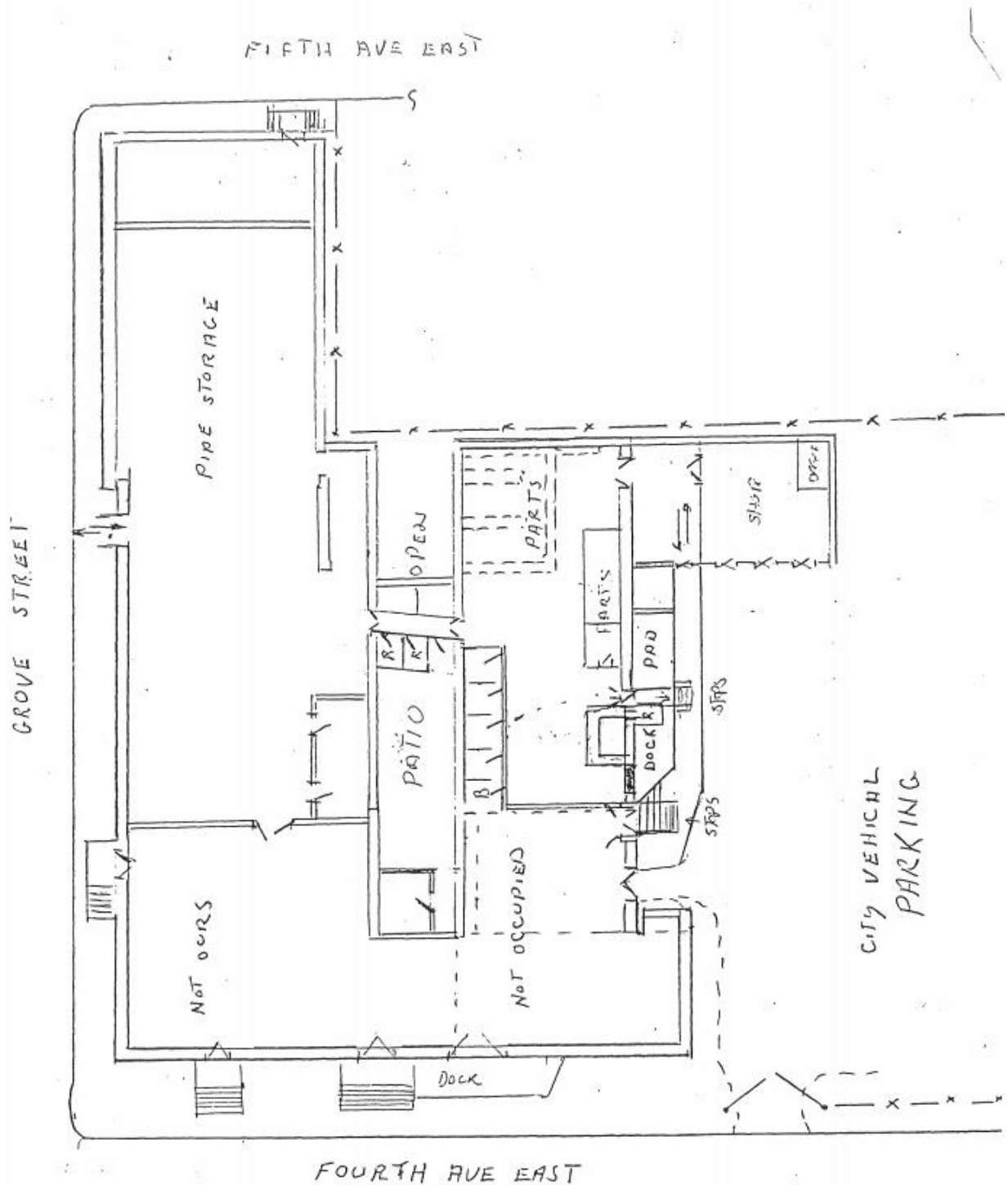
# 145 Fifth Ave East

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Drawing from National Register Nomination below



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### *Highest and Best Use*

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**Fee Simple Unencumbered**

The highest and best use of a property is that legal and probable use that results in the greatest net return to the property owner. In this case, appraiser is assuming a private, for profit, buyer per the definition of market value being sought herein. Societal, environmental, social, cultural benefits that might accrue to a not for profit or municipal user / buyer are being disregarded in this analysis – market value assumes a buyer and a transaction that is based on a socially, environmentally and culturally supported use that would return the greatest financial return to the owner – assumed to be a private sector user.

**Vacant**

The property zoning would allow a range of supported land uses – typical in and around the CBD such as offices, service, housing, adult care homes, shop type facilities. If the property were vacant, most likely buyer would be an investor or office user that could make use of the County Courthouse connection.

**As Improved**

The property is improved with a dilapidated but well known local historic mill property. Appraiser has projected likely cash flows and available market returns from a potential rehab and has concluded, based on a typical before tax property analysis, that the as is value that is supported is significantly less than the current land value as is – implying the highest and best use is for razing the existing improvements in favor of new construction. Specifically, once rehabbed:

- **Renovation of the existing structure (33,374 sf) and adding up to a total of 36,000 sf of building maxes out the site in terms of realistic parking ratios;**
- the property might support a \$ 12.50/sf absolute net income stream;
- at 8% before tax cap rate, value of \$ 5,630,000 is supported;
- before tax rehab costs are projected at \$ 125/sf on and on the building (eligible for tax credit) and another \$ 25/sf on other non eligible site and building improvements – total estimated before tax renovation costs are \$ 5.4 million (36,000 sf at \$ 150/sf);
- Deducting before tax rehab cost from supported property value after rehab yields an available acquisition “value” of only \$ 230,000;



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- Obviously other numbers / projections could produce widely differing current values – appraiser feels the numbers projected herein are within the ball park and support a conclusion of a highest and best use currently of razing the improvements for new office construction or other use;
- These are the conclusions for a private sector buyer – again, per the terms of this analysis and definition of highest and best use and market value.

**Fee Simple assuming Renovation per proposed historic easement**

Highest and best

use cannot be calculated since market value assumes property is used to its highest and best use.

Appraiser will project most likely outcome if the property were renovated and identify the resulting acquisition price that is supported as just that – not market value.



South façade



west façade



Central atrium



Old Water Dept offices



## Valuation Overview – Current Land Value

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### Current Land Value If Vacant

The value of the 100 % undivided fee simple estate in the vacant land is estimated based on an analysis of recent land sales summarized on the following chart – more detailed information has been retained in appraiser's files. These land sales are reflective of recent activity in Hendersonville markets - sales used for comparison are briefly described below.

### Land Comps

- 1 Sale of former propane sale office out Shipman estate to local Community Coop – at lighted intersection with higher traffic count – however, subject proximity to Courthouse and comps location below the adjacent highway but higher traffic exposure are offsetting – subject is slightly better physically than comp.
- 2 Sale of former vacant parking lot to financial institution for new facility under construction – subject poorer slightly since comp has higher traffic counts and better visibility and more readily usable.
- 3 Sale of a dilapidate old bakery building on a site on the periphery of the Asheville CBD – somewhat analogous to subject – which is better due to proximity to Courthouse.
- 4 354 Rockwood Rd – site adjacent to Cracker Barrel and also fronted I-26 – sold for a Marriott Courtyard midrise motel – site had poor visibility from Airport Rd – awkward shape – site sold for \$ 500,000 at middle of last year or \$ 6.91/sf.

**Discussion** Value of subject is vacant based on analysis of above 4 sales – summarized on the chart that follows. As stated earlier, the results of our larger survey supported a secondary commercial land price of up to \$ 10/sf with primary commercial sites supporting values up to and exceeding \$ 20/sf (recent sale for new CVS store at 522 S Main in Hendersonville was over \$ 23/sf – sale occurred at May 22, 2013). In the final analysis and in view of recent neighborhood trends in the area, appraiser concludes that subject land would have a current value, vacant of \$ 10.00/sf if it were vacant and free of improvements. This is at the high end of recent sales for sites with secondary commercial potential but is justified due to subject's locale adjacent to the main office anchor in Hendersonville – ie the

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County Courthouse.

# 301 Fourth Ave. East Hendersonville, NC									
Summary of Current Unencumbered Land Value Vacant									
Item Description	Subject	Comp # 1 Description	Comp # 2 Description	Comp # 3 Description	Comp # 4 Description				
Buyer		GW Shipman Estate to Hendersonville Community Coop	Ken Youngblood to United Federal Credit Union	National Bakery Industries to Shalin Patel	Underground Supply to Rockwood Hospital				
Location	301 Fourth Ave East	899 Spartanburg Hwy Hendersonville traffic about 20,000 vpd	3665 Hendersonville Rd Fletcher traffic about 18,000 vpd	196 Patton Ave Asheville on periphery	354 Rockwood Rd Asheville Airport / Southridge area				
Buyer planned use		Propane sales	Branch Bank	Investment	Motel				
Price paid		\$857,000	\$800,000	\$375,000	\$500,000				
Imports description		Small shop / office of no value to buyer	at grade parking lot at sale	old bakery building in poor condition and of low value to buyer	vacant pad at sale - next to Cracker Barrel				
Improvements value		-\$10,000	\$0	-\$10,000	\$0				
Land value		\$867,000	\$800,000	\$385,000	\$500,000				
Date of Sale	08-Dec-13	8-Jan-13	29-May-13	15-Nov-13	14-Jun-12				
Land size	73,181 Sq Ft	91,040 L Sq Ft	74,488 L Sq Ft	49,658 L Sq Ft	72,310 L Sq Ft				
Land Price / Unit		\$9.32 \$ / L Sq Ft	\$10.74 \$ / L Sq Ft	\$7.75 \$ / L Sq Ft	\$6.91 \$ / L Sq Ft				
Adjustments for Sale Differences - Applied to Price / Acre									
Cash Equivalency		Cash	Cash	Cash	Cash				
Market terms		Market	Cash	Cash	Market				
Time of Sale @ 4 % / yr compounded		0.91 yrs	0.53 yrs	0.06 yrs	1.48 yrs				
Subtotal Terms Adjustments		\$0.35 \$ / L Sq Ft	\$0.22 \$ / L Sq Ft	\$0.02 \$ / L Sq Ft	\$0.41 \$ / L Sq Ft				
Adjusted Price / SF		\$9.87 \$ / L Sq Ft	\$10.96 \$ / L Sq Ft	\$7.77 \$ / L Sq Ft	\$7.33 \$ / L Sq Ft				
Physical Differences Comparison									
Subtotal Physical Adjustments		better than comp	poorer than comp	better than comp	better than comp				
Total All Adjustments		more than	less than	more than	more than				
		\$9.87 \$/LSF	\$10.96 \$/LSF	\$7.77 \$/LSF	\$7.33 \$/LSF				

Value of Subject Site As Is

The property value as is or as improved has been

discounted for two factors a typical private sector buyer would incur after purchase as

is – ie demolition costs as well as potential delay getting appropriate demolition

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permits – estimated at 6 months herein – worth a 5% deduction at a rate of 10%/year – discount reflects time value of money as well as uncertainty. Value as is of the property is calculated below to be \$ 600,000.

Land value vacant	Conclusions		
Reconciled unit value	\$10.00 L\$/LSF		
Times # of Units	73,181 Sq Ft		
Value Subtotal	\$731,808		
Land value vacant	\$732,000		
Appraisal Assignment Question 1 - Property Value As Is			
Land Size		1.68 acres	73,181 L SqFt
Land unit value if vacant			\$10.00 L\$ / LSqFt
Land value if vacant			\$731,808
Less	Demo costs at	\$3.00 \$ / BSqFt	
		33,374 B SqFt	\$100,122
	Time Delay	1/2 year at 5%	\$36,590
Total deductions for as is condition			\$136,712
Land Value "As Is"			\$595,096
		\$8.20 L\$ / LSqFt	\$600,000 (R)

### Appraisal Assignment Conclusions

Question 1 What is the current market value of the property?

Land value if vacant \$ 730,000 (\$10.00/land sq ft)

Property Value As Is \$ 600,000 buyer pays demolition

Question 2 What is the most likely price of the property assuming a private sector buyer was to purchase the property and do a tax act renovation of the existing premises?

An analysis of potential supported property prices follows.

**Question 2 What is the most likely price of the property assuming a private sector buyer was to purchase the property and do a tax act renovation of the existing premises?**

Appraiser has projected potential investment returns that might accrue to a private sector buyer. My analysis presents ball park estimates of potential costs and returns. In this analysis, I have made the following projections / assumptions that are felt to be in the ball park – a definite analysis was beyond the scope of this assignment.

1. Buyer is a for profit income tax paying entity;
2. Maximum sized structure that could be put on site with a parking ratio of 4 spaces / 1,000 sf and a one story building is about 36,000 sq ft – which would include all of the existing premises of 33,374 +/- sq ft;
3. Buyer has a tenant in hand that will occupy 100% of the premises at the end of renovation / construction at a market rate of \$ 12.50/sf absolute net to landlord;
4. Proposed renovation costs that will meet Secretary of Interior Guidelines consistent with the easement envisioned herein are \$ 125/sf on or in the existing structure and an additional \$ 25/sf for site work and other costs that would not be eligible for the tax credit;
5. Pro Forma Income analysis for this buyer, before tax reflects a gross rent of about \$ 15.05/SF and another \$ 1.876/sf in pass thru expenses – total occupancy costs of tenant are \$ 16.92 / sf excluding janitorial, utilities;
6. Before tax property cap rate of 8% applied to stabilized first year income supports a value of \$ 5,630,000 – after tax returns might be considerably higher due to tax advantages – estimated herein at 30% state income tax credit + 20% federal income tax credit;
7. If one deducts the before tax cost of the renovation from the supported value, an apparent acquisition price of \$ 230,000 is supported.
8. Summary of Analysis follows.

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# 301 Fourth Ave. East Hendersonville, NC			
<b>Summary of Income Approach - Overall Rate - Fee Simple Estate</b>			
<b>Gross Rent Estimate</b>			
	# Units	Unit Rent / Yr	Annual Rent
Rental - both floors	36,000 Bldg Sq Ft	\$15.05 \$ / SF / Yr	\$541,833
<b>Potential Gross Income</b>	36,000 Bldg Sq Ft	\$15.05 \$ / SF / Yr	\$541,833
Less Vacancy / Collection Allowance			
Annualized allowance	10.00%	\$1.51	\$54,183
Total vacancy allowance	10.00%		\$54,183
<b>Effective Gross Income</b>	36,000 Bldg Sq Ft	\$13.55 \$ / SF / Yr	<b>\$487,650</b>
<b>Less Landlord Operating Expenses</b>			
<b>Fixed Operating Expenses</b>		\$ / Total SF	
R/E Taxes	Triple net to landlord		
R/E Insurance			
Exterior Maintenance			
Tenant - Common utilities			
Reserves for replcmts	\$12,000	\$0.33 \$ / Bldg SF	
Subtotal - fixed	\$12,000	\$0.33 \$ / Bldg SF	\$12,000
<b>Variable Operating Expenses</b>			
Property Management @ 5 %	\$25,650	\$0.71 \$ / Bldg SF	
Tenant utilities	\$0	\$0.00 \$ / Bldg SF	
Tenant cleaning	\$0	\$0.00 \$ / Bldg SF	
<b>Subtotal</b>	\$25,650	\$0.71 \$ / Bldg SF	\$25,650
<b>Total Landlord Operating Expenses</b>		\$1.05 \$ / Bldg SF	<b>\$37,650</b>
<b>Net Operating Income</b>		\$12.50 \$ / Bldg SF	<b>\$450,000</b>
Capitalize at	8.00%		\$5,625,000
<b>Equals Total Property Value</b>			<b>\$5,625,000</b>
		(R)	<b>\$5,630,000</b>

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24			
25	Estimated Land Value - Vacant	\$10.00 \$/L-SF	\$730,000
26	Estimated Land Value - As Is	\$8.20 \$/L-SF	\$600,000
27			

## Notes:

1. Based on Income Analysis, market triple net rent of \$ 12.50/sf reflects a rent to tenant of just over \$ 15/sf plus pass thrus estimated at \$ 1.87/sf or total full service rent to tenant of \$ 15.05 + \$ 1.87 = \$ 16.92 / sf.
2. Assuming a rehab expense of roughly \$ 125 on or in the historic premises and another \$ 25/sf spent on the rest of the site, total rehab costs are \$ 150/sf before taxes or \$ 5.4 million on 36,000 sf building

3. Eligible rehab expenses are subject to total of 50% tax credit - or tax credits of \$ 900,000 federal and \$ 1,350,000 State of NC or total \$ 2,250,000. This implies net rehab expenses after tax are \$ 5.4 million less tax credit of \$ 2.25 million or AT net rehab costs \$ 3,150,000 (87.50/sf)
4. Therefore, based on the BT Income Analysis Value of \$ 5,630,000, the apparent initial acquisition costs will be somewhere between \$ 230,000 minimum to a maximum of \$ 2.48 million - depending on a number of factors including ability to use the tax credits fully. These numbers are approximate and are presented for general illustration. Obviously there is a recapture provision for resale before 5 years and other issues.
5. Further, assuming a market value at the end of rehab of \$ 5.63 million, the before tax property cap rate is 8% and the after Tax rate is over 13% due to lower net investment. Alternatively, assuming a 75% loan to value before tax, approx \$ 1.1 million equity would be required for this project. However, after tax, a 65% loan would generate net loan proceeds of \$ 500,000 + over and above the net renovation costs.
6. Finally, a potential buyer would benchmark their costs against the likely vacant land value at start of the project - estimated at \$ 730,000. Further, if an investor purchased the land and had to raze the building for other use and wait for federal and state reviews, land market value reduces to \$ 600,000.

## Final Comments

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This analysis addresses the private sector market value and potential returns that might accrue to a private sector buyer of this historic Mill property. Further, this analysis is being prepared for the current municipal owner of the property to provide private sector benchmarks for this property.

Clearly, this property due to its historic status and location, might provide substantial cultural, historic, social and potential indirect economic benefits to the community and the current owner not reflected herein – which are beyond the scope of this analysis but have been addressed in other studies.

There are private sector entities that are familiar with this region that might be potential partners with the current owner that are familiar with the complexities and opportunities afforded by historic renovations – and of mills in particular. Appraiser has provided links and a list of some of these entities that was provided by the local Preservation office, below – text that follows is



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from a recent email of Jan. 21. List of Mill projects and Developers familiar with incentives is reproduced in addenda.

Tom: Thanks for your call about Grey Hosiery. I've attached a couple of listings – tax credit developers and consultants and historic industrial ('mill') redevelopments projects in NC. Here are some additional thoughts and links:

**Preservation requirements @ Grey Hosiery**

Aside from the tax credits—given the NR status of the property, any undertaking (such as demolition or alteration) to the mill property that utilizes state or federal funds, licenses, or permits would be subject to review and consultation by my agency. More about that review process here:

<http://www.hpo.ncdcr.gov/er.htm>.

**Mill credit**

The site seems to fit the parameters for mill credit eligibility listed here:

<http://www.hpo.ncdcr.gov/TaxCredits/Mill%20Fact%20Sheet.pdf>.

2014 county tier rankings made by the Dept. of Commerce show Henderson as a Tier 3 county, and so the state mill credit would be 30%, combined with the 20% federal credit for a total 50% reduction in qualified rehabilitation expenditures. The City might prepare and submit the "Request for Mill Credit Certification" for Grey Hosiery before the end of 2014. That would potentially enable use of the mill credit even after the state preservation tax credit sunset at the end of 2014.

**State tax credit sunset**

Guidance on state tax credit expiration is found here:

<http://www.hpo.ncdcr.gov/TaxCredits/SunsetNotice.pdf>. We hope that the state credits will be renewed or extended, but must wait for legislative action on that, probably this summer.

**Development comps**

Have you seen PNC's case studies in industrial rehab?:

[http://www.presnc.org/Mill\\_Reuse\\_Website/summary.htm](http://www.presnc.org/Mill_Reuse_Website/summary.htm).

We've seen successful historic tax credit rehabs for rental residential (including low-income residential utilizing tax credits for affordable housing), residential condo, mixed use commercial, and office use. This impressive historic rehab in Winston-Salem has a high-tech tenant:

[http://www.journalnow.com/opinion/columnists/article\\_74b1143e-e33f-5696-a5cf-bfa43b3156c9.html](http://www.journalnow.com/opinion/columnists/article_74b1143e-e33f-5696-a5cf-bfa43b3156c9.html).

The former Premier Mills in Morganton is a nice example of mixed use rehab in which local government was a partner. City offices are housed in the complex, and I believe there are also residential condos and commercial units: [http://www.presnc.org/Mill\\_Reuse\\_Website/studies/Morganton.htm](http://www.presnc.org/Mill_Reuse_Website/studies/Morganton.htm).

**Partnerships for development:**

NTCIC provides good information and case studies in public-private partnerships for historic rehab:

<http://ntcicfunds.com/>.

The Grove Arcade is the best local example of such a partnership: <https://www.progress-energy.com/company/media-room/news-archive/press-release.page?title=Progress+Energy+announces+Grove+Arcade+reservations&pubdate=05-15-2002>.

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My agency can not definitely advise on setting up partnerships for redevelopment—that is in the realm of lawyers and accountants. You'll find some good general rules of thumb linked to historic tax regulations at this location. Ownership and lease terms are relevant to viability of historic tax credits: <http://www.nps.gov/tps/tax-incentives/before-apply/irs.htm>.

**Jennifer Cathey**

Restoration Specialist

State Historic Preservation Office - Asheville

NC Department of Cultural Resources

828.296.7230 x. 227

<http://www.hpo.ncdcr.gov>

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**APPRAISER'S CERTIFICATE AND FINAL VALUE ESTIMATE<sup>2</sup>**

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I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

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<sup>2</sup> Inclusive of USPAP Standards Rule 2-3 and Appraisal Institute's Supplemental Standard Rule 1-1,2,3, 2002 editions of both.

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- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I **have** made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I **have** completed the continuing education program for Designated Members of the Appraisal Institute.
- based on my current appraisal analysis, I conclude that the property rights appraised, referenced in this report, had a market value on the date appraised as follows

**Land value if vacant****\$ 730,000 (\$10.00/land sq ft)****Property Value As Is****\$ 600,000 buyer pays demolition**

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for Steitler Properties  
by Thomas A. Steitler MAI

Addenda  
Contingent and Limiting Conditions

Zoning                      List of Developers / Mill Projects  
Qualifications of Appraiser

### ***STANDARD ASSUMPTIONS AND LIMITING CONDITIONS***

The certificate of the appraiser appearing in the appraisal report is subject to the following conditions and to such specific and limiting conditions as are set forth by the appraiser in the report.

1. The appraiser assumes no responsibility for matters of a **legal nature** affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under competent and responsible ownership / management.
2. Any **sketch** in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraiser has not surveyed the property.
3. The appraiser is **not required to give testimony** or appear in court because of having made the appraisal with reference to the property in question, unless prior arrangements have been made therefore.
4. Any **distribution of the valuation in the report** as between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
5. The appraiser assumes that there are no **hidden or unapparent conditions** of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering and/or environmental studies, which might be required to discover such factors.
6. **Information, estimates, and opinions furnished to the appraiser**, and contained in this report, were obtained from sources considered reliable and believed to be accurate. However, no responsibility for accuracy of such items furnished to appraiser can be assumed by appraiser.
7. **Disclosure of the contents** of the appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute, with which the appraiser is an MAI member.
8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is connected), **shall be used for any purposes by anyone but the client specified in the report**, the borrower if appraisal fee paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency, or instrumentality of the United State or any State or the

District of Columbia, without previous written consent of the appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without written consent and approval of the appraiser.

9. On all appraisals **subject to satisfactory completion, repairs or alterations**, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.

10. Unless otherwise stated in this report, the existence of **hazardous substances**, including without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value estimated herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

11. The **Americans with Disabilities Act** (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible non-compliance with the requirements of the ADA was not considered in estimating the value of the property.

12. It is assumed that there is full **compliance with all applicable federal, state, and local environmental laws and regulations**, and that all zoning, building and use regulations and restrictions of all types have been complied with unless non-compliance is stated, defined and considered in the appraisal report. It is further assumed that all licenses, consents, permits, or legislative or administrative authority required by any federal, state, or local and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

14. Possession of this report, or a copy thereof, does not carry with it the **right of publication**, nor may it be used for other than its intended use by anyone other than the Client, and then only with the proper identification and qualification and only in its entirety. No change of any item in the report shall be made by anyone other than the appraiser. The appraiser shall have no responsibility if any such change is made.

15. Any after-tax investment analysis and resulting measures of return on investment are intended to reflect only possible and general market considerations, whether used to estimate value or return on



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investment given a purchase price. Please note that the **appraiser does not claim expertise in tax matters** and advises client to seek competent tax advice.

16. The liability of the appraiser and/or his firm is limited to the client only and to the fee actually received by the appraiser. **Further, there is no accountability, obligation, or liability to any third party.** If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in the property, client agrees that in case of lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements of any type in such suit, regardless of outcome, Client will hold appraiser completely harmless in any such action.

17. Acceptance of and/or use of , this appraisal report by client or any third party constitutes acceptance of the above conditions. **Appraiser liability extends only to stated client, not subsequent parties or users, and is limited to the fee received.**

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## ***Thomas A. Steitler, MAI***

### ***Statement of Qualifications***

#### **Professional Designations:**

- MAI - Member - Appraisal Institute (# 5970 - designated 2/79)
- NC - State Residential / General Appraiser (#A 283 - designated 10/90)
- NC - State Certified Residential & General Appraisal Instructor
- NC - State Certified Seminar Instructor - Uniform Standards of Professional Appraisal Practice
- NC - State licensed real estate broker

#### **Professional Experience**

- |                |   |
|----------------|---|
| 1986 - Present | Steitler Properties; a commercial real estate appraisal / market analysis firm serving Western NC region  |
| 1985-1986      | Steitler-Tessier & Associates, Inc.; President; a full service brokerage, consulting, appraising, leasing, property management & maintenance firm |
| 1975-1985      | Steitler Properties, Ltd.; President; a commercial real estate appraisal and consulting firm based in Asheville, NC                               |
| 1973-1975      | Pilot Life Insurance Co.; Mortgage Loan Supervisor with responsibility for loan origination and packaging in Washington DC, Norfolk, Va.          |
| 1970-1971      | Arthur Andersen Consulting; Atlanta; Business Systems Consulting  |

#### **Formal Education**

- |        |   |
|--------|---|
| M.B.A. | University of North Carolina, Chapel Hill, N.C.; 1971-1973; Major in Finance  |
| B.S.E. | Princeton University, Princeton, N.J.; 1966-1970; Major in Basic Engineering with emphasis on statistics and management |

#### **Current & Past Professional Affiliations**

- A-B Tech - course and seminar instructor appraisal topics (1991-present)
- Asheville-Buncombe Historic Resources Commission (Past Chairman)
- Alternatives for Asheville (2010 Plan) - Economic Task Force - Vice-Chair
- Pack Plaza Arts & Science Center Board(Past Director)
- Asheville-Buncombe Discovery Board (Past Director)
- Asheville Community Theater Board (Past Treasurer)

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***Thomas A. Steitler, MAI***  
***Statement of Qualifications***  
(Continued)

**Market Value Analyses on:**

- |                            |                                  |
|----------------------------|----------------------------------|
| community shopping centers | • large acreage boundaries       |
| urban multi-use properties | • professional / medical offices |
| historic overlay zoning    | • resort golf courses            |
| hotels & motels            | • industrial properties          |
| apartment complexes        | • commercial land                |

**Expert Court Testimony for:**

- |                              |                              |
|------------------------------|------------------------------|
| condemnees                   | • condemners                 |
| equitable distribution cases | • foreclosures, bankruptcies |

**Other Appraisal Services include:**

- |                                    |                                   |
|------------------------------------|-----------------------------------|
| recommend physical partition lines | • highest & best use studies      |
| investment value analyses          | • rental value analyses           |
| feasibility studies                | • leasehold value consultations   |
| minority interest valuations       | • referee value arbitration cases |

**Teaching / Continuing Education:** Mr. Steitler has taught all 3 NC general appraisal courses; 1 residential course; and 10 hour seminar on Uniform Standards of Professional Appraisal Practice at A-B Tech College since 1991. He is currently certified under continuing education programs of the Appraisal Institute, NC Appraisal Board and the NC Real Estate Commission. Mr. Steitler was a speaker and panel member before the NC Academy of Trial Attorneys in Raleigh at their December, 2000 meeting – topic was Condemnation and the Appraisal Witness

**Typical Recent Clients include:** Trust for Public Land; The Conservation Fund; The Nature Conservancy; US Forest Service; GSA; US Postal Authority; Blue Ridge Mental Health; Nation's Bank; FUNB; BB & T; Wachovia; Asheville Savings; Barnette Bank; Buncombe & Henderson County Boards of Education; City of Asheville; Asheville Housing Authority; Buncombe County; Metropolitan Sewer Authority; MAHEC; private individuals, attorneys, CPA's, corporations, estates, developers, etc.

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## HENDERSONVILLE ZONING CLASSIFICATION

**Section 5-19 CMU Central Mixed Use Zoning District Classification.** The CMU Central Mixed Use Zoning District Classification is intended to strengthen the Central Business District and the perimeter surrounding that District by encouraging and permitting the coordinated development of dwellings, retail, professional and financial trades, institutional, governmental and other public facilities. This classification is designed to facilitate the coordination of future developments, stressing sensitivity to urban design, pedestrian environment, urban open spaces and streetscapes. It will permit higher density residential developments, provided adequate facilities are, or will be, in place to serve such developments. *(added 12-09-99, amended 04-10-03)*

**5-19-1 Permitted Uses** The following uses are permitted by right in the CMU Central Mixed Use Zoning District Classification provided they meet all requirements of this Section and all other requirements established in this Ordinance: *(amended 04-10-03)*

- Accessory dwelling units *(added 04-10-03)*
- Accessory uses & structures *(amended 04-10-03)*
- Adult care centers registered with the NC Department of Human Resources
- Adult care homes
- Animal hospitals so long as they are totally enclosed
- Automobile car washes
- Banks & other financial institutions
- Bed & breakfast facilities
- Bus stations
- Business services
- Child care homes
- Congregate care facilities, subject to special requirements contained in Section 16-4, below
- Construction trades facilities
- Convenience stores with or without gasoline sales *(added 04-07-11)*
- Cultural art buildings
- Dance & fitness facilities
- Dry cleaning & laundry establishments containing less than 2,000 f<sup>2</sup> of floor space
- Funeral homes
- Garage apartments
- Home occupations
- Hotels & motels
- Laundries, coin-operated
- Music & art studios
- Newspapers and printing companies
- Nursing homes, subject to special requirements contained in Section 16-4, below
- Offices, business, professional and public
- Parking lots & parking garages
- Parks
- Personal services
- Planned residential developments (minor), subject to the requirements of Article VII, below
- Progressive care facilities, subject to special requirements contained in Section 16-4, below



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Public & semi-public buildings  
Recreational facilities, indoors  
Religious institutions  
Repair services, miscellaneous  
Residential dwellings, single family  
Residential dwellings, multi-family (*amended 04-05-01*)  
Residential dwellings, two-family  
Rest homes, subject to special requirements contained in Section 16-4, below  
Restaurants  
Retail stores  
Schools, post-secondary, business, technical and vocational (*amended 04-07-11*)  
Schools, elementary & secondary  
Shelter facilities subject to special requirements contained in Section 16-4, below  
Signs, subject to the provisions of Article XIII, below  
Telecommunications antennas, subject to special requirements contained in Section 16-4, below  
Theaters, indoors

**5-19-2 Conditional Uses** The following uses shall be permitted in the CMU Central Mixed Use Classification only upon issuance of a conditional use permit pursuant to Article X and shall be subject to special requirements contained in Section 16-4, below:

Child care centers  
Civic clubs & fraternal organizations  
Private clubs  
Public utility facilities

**5-19-3 Special Uses** Within the CMU Central Mixed Use Zoning District Classification, the following uses may only be authorized by issuance of a special use permit and shall be processed under special use review in accordance with Section 7-4 of the Zoning Ordinance. Such development shall not require rezoning of the property to a special use or planned development district. (*amended 03-08-01*)

Any development involving more than 50,000 ft<sup>2</sup> of gross floor area and/or 50 residential dwelling units  
Telecommunications towers, subject to special requirements contained in Section 16-4, below.

**5-19-4 Development Standards.** The following standards shall apply to development within the CMU Central Mixed Use Zoning District Classification in addition to all other applicable standards contained in this Ordinance.

**5-19-4.1 Parking & Loading.** For non-residential developments, the requirements of Section 6-5, below, shall apply. Residential developments shall be provided with a minimum of one off-street parking space per dwelling unit. As far as practicable, in consideration of site constraints and reasonable development requirements, parking for non-residential and multi-family residential developments shall be situated to the side or rear of principal structures.

All parking areas shall be separated from the back of the curb by a planting strip at least five feet in width and screened from view from public streets by principal structures or by shrubs and/or evergreen trees planted at the most appropriate spacing for the species used. The reviewing authority may authorize the use of walls and or fences not exceeding four feet in height in lieu of a vegetative

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**5-19-4.2 Dimensional Requirements.**

Minimum Lot Area in Square Feet:	8,000
Minimum Lot Width:	None
Minimum Yard Requirements in Feet:	12 feet measured from the back of the curb of any street. Rear and side yards are not required if yards do not border a street. However, if yards are provided, they must be a minimum of five feet measured from the property line.
Maximum Building Height in Feet:	36 feet; provided, however, structures containing at least three floors limited to residential uses may be constructed to a height not exceeding 64 feet.

**5-19-4.3 Streetscape Design.** The relationship between a building and areas for pedestrian or vehicular circulation shall be carefully planned in order to avoid negative impacts of one upon the other. All buildings and uses developed in this district shall meet the following minimum standards; provided, however, buildings undergoing renovation, rehabilitation and expansion may be exempted from individual streetscape design regulations if site conditions are such that strict compliance therewith would result in practical difficulty or unnecessary hardship.

- a) **Street Walls.** The first floors of all buildings, including structured parking, shall be designed to encourage and complement pedestrian-scale interest and activity.

To the extent practicable, in consideration of the nature of the uses proposed, this is to be accomplished in part by the use of transparent windows and doors arranged so that the uses are visible from and/or accessible to the street on the first floor street frontage.

In addition, a combination of design elements shall be used on the building facade and/or in relationship to the building at street level to animate and enliven the streetscape. These design elements may include, but are not limited to, the following: ornamentation, molding, changes in material or color, architectural lighting, works of art, fountains and pools, street furniture, landscaping and garden areas, and display areas.

Any design elements which extend into the public right-of-way on city or state maintained streets require an encroachment agreement with the City of Hendersonville Department of Public Works or the NCDOT, as appropriate.

Where expanses of blank wall are necessary, they may not exceed 20 feet in length. A blank wall is a facade which does not add to the character of the streetscape and does not contain transparent windows or doors or sufficient ornamentation, decoration or articulation as listed in the above paragraph.

The first floor and street level shall be designed with attention to adjacent public or private open spaces and existing streetscape improvements. The provision of multiple entrances from the public sidewalk or open spaces is encouraged.

- b) **Structured Parking Facilities.** In addition to the above requirements, in the event that any



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openings for ventilation, service, or emergency access are located at the first floor level in the building facade, then they shall be an integral part of the overall building design. These openings as well as pedestrian and vehicular entrances shall be designed to minimize visibility of parked cars. The remainder of the street level frontage shall be either commercial space or an architecturally articulated facade designed to minimize the visibility of parked cars.

All levels of a structured parking facility shall be designed and screened in such a way as to minimize visibility of parked cars. In no instance will rails or cabling alone be sufficient to meet this screening requirement.

The design requirements of paragraph (b) apply to all building facades which are visible from any public right-of-way.

- c) **Screening.** All structures and facilities for trash, loading, outdoor equipment, and storage, including the storage of inventory, shall be screened so as not to be visible from the street and pedestrian circulation areas. Solar technology components including solar panels and solar thermal collectors used for on-site private purposes are exempt from this provision provided that no other functional location exists for optimized performance that is not visible from the street and pedestrian circulation areas. This determination may be made either by the Zoning Administrator or the Planning Director acting alone. *(amended 05-06-10)*

Solid walls shall be faced with brick, stone or other decorative finish with the decorative side adjacent to the public right-of-way. Fences shall be opaque and either painted or stained with the decorative side adjacent to the public right-of-way. In no instance will a chain link or barbed wire fence be acceptable.

Trees used to fulfill this requirement shall be located on private property in planters, a planting strip, berm or tree lawn, any of which shall be at least 8 feet wide and at least 2 feet deep. The trees shall be of a small maturing evergreen variety and be at least 10 feet tall at the time of planting. All shrubs shall be between 24 inches and 36 inches tall at time of planting. All plant material shall conform with the American Standard for Nursery Stock published by the American Association of Nurserymen. Trees employed to meet the screening requirement may not be counted toward the street tree planting or urban open space tree requirements.

Any lot which becomes vacant through the removal of a structure for any reason shall be screened from all abutting public street rights-of-way in accordance with the provisions of this section or cleared of rubbish and debris and seeded with grass. However, if the lot is to be used for parking either as a transitional or permanent use, it shall meet all the minimum requirements for that use as established by this ordinance.

Maintenance of screening required under these provisions shall conform to the requirements of Section 15-4 of this Ordinance, including the requirement to promptly replace dead vegetation with healthy, living plantings.

- d) **Street Trees.** In addition to all other requirements of this Section, at least one tree of 3 - 3½ inches caliper minimum, measured 6 inches above ground, shall be planted for each 25 feet for small maturing trees and for each 35 feet for large maturing trees of the entire building lot which abuts any public street right-of-way with a minimum of one tree required for any distance up to 35 feet. Trees shall not be planted closer than 2 feet, nor more than 15 feet, from



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the back of the curb.

For the purposes of this paragraph, all specifications for measurement and quality of trees shall be in accordance with the *American Standard for Nursery Stock* published by the American Association of Nurserymen. All trees planted to meet this requirement shall be well-matched specimen grade and shall be limbed up 6 feet. Trees used to fulfill this requirement may be located on public or private property. Maintenance of street trees required under these provisions shall conform to the requirements of Section 15-4 of this Ordinance, including the requirement to promptly replace dead vegetation with healthy, living plantings

- e) **Reflective Surfaces.** No development subject to these provisions may have exterior walls with a reflectivity value in excess of 36%, as measured under the applicable provisions of ASTM-C-1036. No reflective surfaces may be used on street level exterior facades.
- f) **Urban Open Spaces.** Open spaces for congregation and/or recreational opportunities are required and shall be equipped or designed to allow pedestrian seating and to be easily observed from the street or pedestrian circulation areas. All urban open spaces shall comply with the minimum required design standards of this ordinance. In light of the requirement for urban open space, development in the CMU Central Mixed Use Zoning District Classification is excused from complying with the requirements for common open space contained in Section 6-16 of this ordinance.
- 1) **Urban open space size.** Buildings shall be provided with open space behind the required setback and on private property on the basis of five ft<sup>2</sup> of urban open space per 100 ft<sup>2</sup> of gross floor area (5/100). Provided, however, buildings containing less than 20,000 ft<sup>2</sup> of gross floor area shall be excused from complying with the urban open space requirement. A maximum of 30% of this required urban open space may be provided on an enclosed ground floor level provided the enclosed space meets all other requirements of these provisions. *(amended 04-10-03)*
- 2) **Accessibility to the street.** Urban open space shall be designed so that it is accessible to and visible from the street.
- 3) **Trees.** Within the open space area(s), 1 tree shall be planted for each 500 ft<sup>2</sup>. Trees shall have a minimum caliper of 3-3½ inches measured 6 inches above ground at the time of planting.
- 4) **Amenities.** The following amenities are permitted within an urban open space area: ornamental fountains, stairways, seating, waterfalls, sculptures, arbors, trellises, planted beds, drinking fountains, clock pedestals, public telephones, awnings, canopies, and similar structures.
- 5) **Maintenance.** The building owner, lessee, management entity or authorized agent are jointly and severally responsible for the maintenance of the urban open space area including litter control and care and the replacement of trees and shrubs, as required by Section 15-4, below.
- 6) **Utilities.** All utilities service lines and connections shall be underground.

g) **Exceptions for Single-Family and Two-Family Residences.** Single-family and two family  
*City of Hendersonville Zoning Ordinance* *Page 56* *Amended through 10-03-13*



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Value Reported As Of December 8, 2013

**HISTORIC TAX CREDIT DEVELOPERS &  
FINANCIAL CONSULTANTS/SYNDICATORS**

(These firms have had experience developing historic properties.)

Front Royal, Inc.  
2200 Gateway Boulevard  
Morrisville, NC 27560  
Ph: 919-608-7408  
Contact: J. Adam Abram

Progress Energy  
P.O. Box 1551  
Raleigh, NC 27602  
Ph: 919-546-2448  
Contact: Kate Clayton

William B. Farris Inc.  
1806 Grace Street  
Wilmington, NC 28405  
Ph: 910-782-3577  
M: 910-612-3806  
Contact: Bill Farris  
[wfarris@ec.rr.com](mailto:wfarris@ec.rr.com)

Charter Properties, Inc.  
9 Woodlawn Green, Suite 201  
Charlotte, NC 28210

The Alexander Company, Inc.  
660 W. Washington Avenue, Suite 303  
Madison, WI 53703  
Ph: 608-258-5580  
Contact: Matthew D. Meier

Enterprise Social Investment Corporation  
Maryland  
Ph: 410-964-0552  
Contact: Katherine Foster

First Financial Boston  
Boston, MA  
Ph: 617-227-9840  
Contact: Mimi Santiago-Torres

Atlantic Capital Corporation  
44 School Street, Suite 410  
Boston, MA 02194

Indra Group  
301 W. Main Street, Suite 400  
Durham, NC 27701  
Ph: 919-688-7900  
Contact: Val Jones

Barnhill & Poole Co.  
P.O. Box 469  
Raleigh, NC 27602

Kaufman and Broad Multi-Housing Group, Inc.  
8201 Greensboro Drive, Suite 1000  
McLean, VA 22102  
Ph: 703-714-6900  
Contact: Richard H. Edson

Boston Bay Capital  
313 Congress Street  
Boston, MA 02210  
Ph: 800-544-8242  
Contact: Reg Edmonds

Landmark Asset Services, Inc.  
406 E. 4<sup>th</sup> Street  
Winston-Salem, NC 27101  
Ph: 336-722-9871  
Contact: Jim Sari  
[jim@las-rehab.com](mailto:jim@las-rehab.com)

Boston Equity Investments, Inc.  
827 State Street, Suite 6  
Santa Barbara, CA 93101  
Contact: Louis S. Segal

Mark Realty Corporation  
331 W. Main Street, Suite 408  
Durham, NC 27701  
Ph: 919-688-3744  
Contact: Andrew B. Widmark

Boston Equity Investments, Inc.  
2 Faneuil Hall Marketplace  
Boston, MA 02109  
Ph: 617-720-1766  
Contact: Julia Moakley

Newport Partners, LLC  
26461 Crown Valley Parkway, Suite 140  
Mission Viejo, CA 92691  
Ph: 949-348-7777

Ogden Financial Company, Inc.  
287 Columbus Avenue  
Boston, MA 02116  
Ph: 617-536-8747

# 301 Fourth Ave East

Client: Sam Fritschner, City of Hendersonville, NC

# 145 Fifth Ave East

Hendersonville, NC

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Contact: John J.C. Carroll

Victor Taube  
10909 Raven Rock Drive  
Raleigh, NC 27614Investors Realty Group  
401 N. Main Street/P.O. Box 673  
Hendersonville, NC 28793  
Ph: 828-697-0398  
Contact: James W. HallWestin Financial Group  
2614 Telegraph Avenue  
Berkeley, CA 94704  
Ph: 800-554-3303  
Contact: Frank HaazWilmington Housing and Finance Dev. Inc.  
P.O. Box 547  
Wilmington, NC 28402  
Ph: 910-341-7836  
Contact: Bob LucasWNC & Associates, Inc.  
3158 Redhill Avenue, Suite 120  
Costa Mesa, CA 92626  
Ph: 800-286-1135  
Contact: Wilfred N. Cooper, Sr.Brian Wishneff & Associates  
1010 First Union Building  
213 South Jefferson Street  
Roanoke, VA 24011  
Ph: 540-982-1317  
Fax: 540-982-1568  
Contact: Don Buffington  
[buff@reu.net](mailto:buff@reu.net)Community Affordable Housing Corporation (CAHC)  
7700 Falls of Neuse Road, Suite 200  
Raleigh, NC 27615  
Ph: 919-420-0063  
Fax: 919-420-0019  
Contact: Greg Mayo  
[gmayo@cahec.com](mailto:gmayo@cahec.com)  
[www.cahec.com](http://www.cahec.com)Todd Development, Inc.  
132 Luxorwind Drive  
Garner, NC 27529  
Ph: 919-329-0702  
Contact: Rex Todd

Contact: Richard I. Kaner

Transom  
2700 Wycliff Road, Suite 312  
Raleigh, NC 27607  
Ph: 919-510-9660SEHED  
905 W. Main Street, Suite 25-B  
Durham, NC  
Contact: Terry Sanford, Jr.Self-Help Ventures Fund  
409 E. Chapel Hill Street  
Durham, NC 27701  
Ph: 919-417-1300  
Contact: Paul Brown  
[paul.brown@self-help.org](mailto:paul.brown@self-help.org)Cityscape Capital Group, LLC  
116 Village Boulevard, Suite 200  
Princeton, NJ 08540  
Ph: 609-951-2200  
Contact: Bill Hoffman  
[www.sc.com](http://www.sc.com)  
[www.cityscapecapital.com](http://www.cityscapecapital.com)Cherokee Investment Partners, LLC  
702 Oberlin Road, Suite 100  
Raleigh, NC 27605  
Ph: 919-743-2500 or 919-743-2545  
Fax: 919-743-2501  
Contact: Brian M. Goray, Consultant  
[bgoray@cherokeefund.com](mailto:bgoray@cherokeefund.com)  
[www.cherokeefund.com](http://www.cherokeefund.com)Apollo Housing Center  
6525 Morrison Boulevard, Suite 505  
Charlotte, NC 28211  
Ph: 704-336-0250  
Fax: 704-336-3467  
Robert A. Vest, Vice-President, 704-366-3417  
[rvest@apollohousing.com](mailto:rvest@apollohousing.com)Delphi Development, LLC  
4 Olde Eastwood Village Boulevard, Suite 207  
Asheville, NC 28803  
Ph: 828-298-5300  
Contact: Harry Pilos  
[harry@delphidevelopment.com](mailto:harry@delphidevelopment.com)  
[www.delphidevelopment.com](http://www.delphidevelopment.com)Downtown Housing Improvement Corporation  
113 S. Wilmington Street  
Raleigh, NC 27601  
Ph: 919-832-4345  
Contact: Greg Warren

# 301 Fourth Ave East

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# 145 Fifth Ave East

Hendersonville, NC

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[xerddot@yahoo.com](mailto:xerddot@yahoo.com)

Kasper Mortgage Capital  
1508 willow Lawn Drive, Suite 121  
Richmond, VA 23230  
Ph: 804-285-3900  
Fax: 804-285-3977  
Contact: Thomas A. Kasper  
[tom@kmetaxcredits.com](mailto:tom@kmetaxcredits.com)  
[www.kmetaxcredits.com](http://www.kmetaxcredits.com)

Empire Properties  
133 Fayetteville Street, 6<sup>th</sup> Floor  
Raleigh, NC 27601  
Ph: 919-834-8350  
Fax: 919-839-0382  
Contact: Andrew Stewart  
[andrew@empire1792.com](mailto:andrew@empire1792.com)  
[www.empire1792.com](http://www.empire1792.com)

Belmont Sayre, LLC  
300 Blackwell Street, Suite 101-B  
Durham, NC 27701  
Ph: 919-259-2088  
Contact: Kenneth M. Reiter  
[kreiter@belmontsayre.com](mailto:kreiter@belmontsayre.com)  
[www.belmontsayre.com](http://www.belmontsayre.com)

Historic Restoration, Inc.  
210 Baronne Street, Suite 1717  
New Orleans, LA 70112  
Ph: 504-566-0204 or 504-679-5068  
Fax: 504-525-3932  
Contact: Hal Fairbanks  
[hal@hrihci.com](mailto:hal@hrihci.com)  
[www.hrihci.com](http://www.hrihci.com)

Hedgehog Holdings LLC  
P.O. Box 12929  
Raleigh, NC 27605  
Ph: 919-755-2250  
Fax: 919-755-2251  
Contact: Frank R. Gailor  
[fgailor@hedgehogholdings.com](mailto:fgailor@hedgehogholdings.com)  
[www.hedgehogholdings.com](http://www.hedgehogholdings.com)



# 301 Fourth Ave East

Hendersonville, NC

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# 145 Fifth Ave East

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Proposed/Ongoing North Carolina Historic Mill Rehabilitation Tax Credit Projects						
Project/Address	City	County (Tier)	***Rehab Cost	Square Footage	New Use	Estimated Completion
Asheboro Hosiery Mills & Cranford Furniture Co. Complex 133-139 S. Church Street 230 W. Academy Street	Asheboro	Randolph (2)	\$11,390,505	90,888	Residential	2013
Asheville Supply & Foundry Co. 35-47 Eagle Street	Asheville	Buncombe (3)	0	Not Available	Not Available	Not Available
E. B. Bain Water Treatment Plant 1810 Fayetteville Street	Raleigh	Wake (3)	0	Not Available	Not Available	Not Available
Brown-Rogers-Dixon Company 516 N. Trade Street	Winston-Salem	Forsyth (3)	0	Not Available	Not Available	Not Available
Chatham Manufacturing Co./ Western Electric Company 800 Chatham Road	Winston-Salem	Forsyth (3)	0	Not Available	Not Available	Not Available
Chesterfield Building Liggett & Myers Tobacco Co. 701 W. Main Street	Durham	Durham (3)	\$80,000,000	361,000	Commercial Office Residential	2016
Dr. Pepper Bottling Plant 416 S. Dawson Street	Raleigh	Wake (3)	0	Not Available	Not Available	Not Available
Dunavant Cotton Manufacturing Company 109 E. Fleming Drive	Morganton	Burke (1)	0	Not Available	Not Available	Not Available
Electric Motor & Repair Co., Inc. 418-422 S. Dawson Street & 321 W. Davis Street	Raleigh	Wake (3)	0	Not Available	Not Available	Not Available
Fiber Mills 1000 Seaboard Street	Charlotte	Mecklenburg (3)	\$10,000,000	120,681	Commercial Office	*2008
Glencoe Mill (Phase 1) 2832 Glencoe Street	Burlington	Alamance (2)	\$1,215,000	13,215	Commercial Office	*2010
P. H. Hanes Knitting Company Mill Building 101 E. Sixth Street	Winston-Salem	Forsyth (3)	\$9,000,000	96,644	Residential	*2012
Hollar Hosiery Mills 883 Highland Avenue SW	Hickory	Catawba (2)	\$4,500,000	41,374	Commercial	*2012
Kouris Warehouse 200 W. Warren Street	Shelby	Cleveland (2)	0	Not Available	Not Available	Not Available
Liberty Tobacco Warehouse 222 E. Main Street	Elkin	Surry (2)	\$3,128,000	30,661	Commercial	2013

Loray Mill (Project 1) 1101 W. Second Avenue	Gastonia	Gaston (2)	\$22,500,000	660,000	Commercial Office Residential	2014 (Project 1)
Mock, Judson, Voehringer Company Hosiery Mill 2610 Oakland Avenue	Greensboro	Guilford (2)	\$15,000,000	154,274	Residential	2014
R. J. Reynolds Tobacco Co. Bailey Power Station Block 33	Winston-Salem	Forsyth (3)	\$55,000,000	122,570	Commercial Office	2014
R. J. Reynolds Tobacco Co. Factory 60 403 Vine Street	Winston-Salem	Forsyth (3)	\$130,000,000	330,862	Commercial Office	2014
R. J. Reynolds Tobacco Co. Factory 64 Complex 500 E. Fifth Street	Winston-Salem	Forsyth (3)	\$38,000,000	421,317	Commercial Residential	2014
R. J. Reynolds Tobacco Co. Factory 90 601 Vine Street	Winston-Salem	Forsyth (3)	\$164,261,000	544,886	Commercial Office	2014
Raleigh Bonded Warehouse 1505 Capital Boulevard	Raleigh	Wake (3)	0	Not Available	Not Available	Not Available
Revolution Cotton Mill 1200 Revolution Mill Drive	Greensboro	Guilford (2)	\$35,000,000	574,000	Office	*2010
Sanford Buggy Manufacturing Co. 115 Chatham Street	Sanford	Lee (2)	\$4,500,000	30,200	Commercial Residential	Not Available
White Furniture Company 202 E. Center Street	Mebane	Alamance (2)	\$38,000,000	225,982	Commercial Residential	**2010
<b>25 Total Projects</b>			<b>***\$621,494,505</b>			

\*Construction ongoing although some portions of building have been completed and placed in service.

\*\*Construction has not started.

\*\*\*Estimated Rehabilitation Costs not available for all projects.

North Carolina State Historic Preservation Office  
March 26, 2013



# 301 Fourth Ave East

Hendersonville, NC

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# 145 Fifth Ave East

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Completed North Carolina Historic Mill Rehabilitation Tax Credit Projects						
Project/Address	City	County (Tier)	Rehab Cost	Square Footage	New Use	Completion Date
Alpha-Orient Cotton Mill 311 E. 12 <sup>th</sup> Street	Charlotte	Mecklenburg (3)	\$11,243,540	Not Available	Residential	2006
Brogden Produce Co. Warehouse 409 W. Martin Street	Raleigh	Wake (3)	\$3,370,000	18,900	Commercial	2010
Brown Prizery 401 E. Fourth Street	Winston-Salem	Forsyth (3)	\$6,742,483	86,179	Residential Office	2006
Bull Durham Tobacco Factory & Noell Building American Tobacco Company 300 & 312 Blackwell Street	Durham	Durham (3)	\$41,043,709	156,931	Office Residential Commercial	2007
Durham Hosiery Mill No. 15 301 W. Washington Street	Mebane	Alamance (2)	\$10,793,655	110,930	Residential	2011
Globe Tobacco Warehouse 838 S. Main Street	Mount Airy	Surry (2)	\$6,894,030	77,000	Residential	2007
****Golden Belt Manufacturing Company 807 E. Main Street	Durham	Durham (3)	\$20,332,000	152,214	Commercial Office Residential	2011
Highland Park Manufacturing Co. Mill #3 2901 N. Davidson Street	Charlotte	Mecklenburg (3)	\$23,600,000	Not Available	Residential Office Retail	2006
Hill Warehouse American Tobacco Company	Durham	Durham (3)	\$20,199,711	Not Available	Office	2006
Liggett & Myers Tobacco Co. South Complex (5 Buildings)	Durham	Durham (3)	\$52,926,915	Not Available	Office Residential Commercial	2008
Lillian Knitting Mills 335 E. Main Street	Albemarle	Stanly (2)	\$5,589,047	31,039	Office Residential Commercial	2008
Lucky Strike Building American Tobacco Company 310 Blackwell Street	Durham	Durham (3)	\$13,043,191	60,000sf	Office	2006
Monroe Hardware Company Warehouse 109 N. Hayne Street	Monroe	Union (3)	\$5,444,745	50,000	Commercial Residential	2010
P. H. Hanes Knitting Building 675 N. Main Street	Winston-Salem	Forsyth (3)	\$16,895,323	137,462	Residential	2009
P. H. Hanes Knitting Company	Winston-Salem	Forsyth	\$13,455,971	141,000	Residential	2007

Warehouse & Shipping Building 600 N. Chestnut Street		(3)			Commercial	
****Power Plant & Engine House American Tobacco Company 324 Blackwell Street	Durham	Durham (3)	\$6,144,093	25,306	Commercial Office	2009
Premiere Hosiery Mill 305 E. Union Street	Morganton	Burke (1)	\$10,878,602	Not Available	Office Residential Commercial	2006
R. J. Reynolds Tobacco Co. Factory 91 401 E. Fifth Street	Winston-Salem	Forsyth (3)	\$89,733,125	225,000	Commercial Office Laboratory	2011
****Venable Tobacco Company 302-304 E. Pettigrew Street	Durham	Durham (3)	\$14,722,997	129,479	Commercial	2010
Wilkes Hosiery Mills 407 F Street	North Wilkesboro	Wilkes (1)	\$6,076,282	85,862	Residential	2009
Win-Mock Farm Dairy 168 E. Kinderton Way	Bermuda Run	Davie (2)	\$3,441,617	22,357	Commercial Office	2011
<b>21 Total Projects</b>			<b>\$382,571,036</b>			

\*\*\*\*Completed Certified Rehabilitation by the National Park Service and awaiting Final Mill Certification by the North Carolina State Historic Preservation Office.

North Carolina State Historic Preservation Office  
March 26, 2013