

GASTON COUNTY MILLS ECONOMIC RECOVERY PROJECT



**FINAL REPORT
NOVEMBER 14, 2005**

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I. INTRODUCTION AND BACKGROUND

The Gaston County Mills Project was funded by a federal \$200,000 Community Development Block Grant (CDBG) Economic Recovery Grant administered by the North Carolina Commerce Finance Center. The purpose of the CDBG program is to improve communities and expand economic opportunities principally for persons of low and moderate income. This specific project was designed to stimulate market interest in the adaptive reuses of Gaston County's many (more than 50) empty industrial (primarily textile) buildings, by selecting the most promising ones for in-depth analysis and development of concepts for higher use. Additionally this project will help speed Gaston County's recovery from recent losses in the manufacturing sector.

To implement this project, Gaston County hired a team of experienced consultants who have worked together in the past and already had extensive knowledge of Gaston County industrial properties, economic development and adaptive reuse strategies. Working under the direction of Gaston County Economic Development Commission (EDC) Executive Director Donny Hicks, the consulting team consisted of:

- John Barker Jr., Development Director - Southeast of KIRCO, who has personally been involved in over 35 industrial real estate transactions in Gaston County during the past 10 years, and is one of the Charlotte Region's most experienced specialists in reuse of industrial buildings
- Frank Warren of Warren & Associates, the Charlotte region's most experienced real estate market analyst and advisor, specializing in identifying development opportunities and forecasting market demand for commercial and residential properties
- Jim Montgomery of McClure Nicholson Montgomery Architects, who has extensive experience designing adaptive reuses of former mill buildings in North Carolina and working with projects eligible for state and federal historic tax credit incentives
- Buck Lawrimore of Lawrimore Inc., the Charlotte Region's most experienced economic development marketing and strategy consultant, who has served Gaston County Economic Development for more than 12 years

The team began by developing a menu of redevelopment incentives available for adaptive reuse of industrial buildings in North Carolina and Gaston County, and posted a summary of that information on the project's website, www.gastonmills.com. An updated copy is also enclosed in the Appendix A of this report.

Then the team developed an objective "scorecard" for evaluating the reuse potential of an existing industrial building. This scorecard combined the expertise of all the team members including Donny Hicks, and placed additional weight on highly critical factors such as location and ceiling height. The four main categories, each consisting of four components, were:

Construction, Demand/Location, Function, and Financial. A sample completed scorecard is shown on the next page. Details may be found in Appendix B of this report.

Team members and Donny Hicks identified 18 diverse buildings throughout the county as having sufficient potential to be considered. Mr. Hicks took team members on a daylong tour of the 18 selected buildings in August 2004. Each property was physically examined as thoroughly as possible depending on the accessibility.

Consulting team members assigned scores of 1 (lowest) to 10 (highest) to each building for each of the criteria in the scorecard. The scores were then averaged to rank the 18 buildings. The top six buildings were:

1. Belmont Hosiery in Belmont
2. Imperial Mill in Belmont
3. R. L. Stowe Majestic in Belmont
4. Trenton Mill in downtown Gastonia
5. Springford Knitting in Gastonia
6. Spinnaker Mill in Dallas

A summary sheet is provided for each of the 18 properties in Appendix C of this report.

Average Inspection Scores	
Construction	Average
Existing shell condition	5.33
Roof condition	5.33
Environmental	5.33
Site work	3.67
Ceiling Heights	4.67
Average	4.87
Demand/Location	Average
Neighborhood Catalyst	6.00
Surrounding uses	5.00
Growth corridor	2.67
I-85 Access	2.00
Public Investment in area	2.00
Average	3.53
Function	Average
Site and bldg configuration	3.67
Ingress / Egress	3.67
Open space (Walls Columns)	5.33
Visibility	5.00
Parking (Space and flow)	3.33
Average	4.20
Financial	Average
Cost to convert to shell	4.67
Acquisition cost	6.67
Investor/Lender appeal	4.33
Rent per unit estimate	5.00
Tax credit potential	6.67
Average	5.47
Overall Average	4.52

II. OUTCOMES OF THE PROCESS, MARKETING AND PUBLIC POLICY CONSIDERATIONS

Following discussions with the owners of these properties, it was discovered that:

- Belmont Hosiery was being sold to a developer, who planned to tear it down and put a new multifamily development on the site
- R. L. Stowe Majestic was leased to tenants
- Springford Knitting owners were reluctant to take it off the market during the course of this study, and subsequently they leased the building
- Spinnaker Mills was leased to tenants
- It was also determined that Mount Holly Cotton Mill, the oldest surviving textile mill in Gaston County, listed on the National Register of Historic Places, deserved a place on the list as well.

So the final three selected for further study were: Imperial Mill in Belmont, Trenton Mill in Gastonia, and Mount Holly Cotton Mill in Mount Holly. Each mill is about 100 years old or older, has much of its original structure intact, and features the tall windows and hardwood floors so well suited to new residential, office or retail uses. All three are strategically located so that appropriate new uses of the property would help stimulate redevelopment in the surrounding area. Each is also just a few minutes from Interstate 85 and a brief walk from its downtown center.

Imperial Mill is owned by Pharr Yarns, which has invested substantially in developing the Hawthorne multifamily community in the land immediately south of the mill. The possibility of making it a complementary residential project to fit in with the Hawthorne development is very appealing. This would also complement the continuing redevelopment of downtown Belmont, as the site is only a block away from Belmont's charming Main Street. Although not listed on the National Register of Historic Places, it has all the attributes, and acceptance would be likely.

Trenton Mill is owned by Chavis Rental Corporation, which manages the Chavis family real estate holdings in trust. Malcolm Mitchell, a Charlotte CPA, is the president of Chavis Rental and also has power of attorney to act on behalf of Gladys Chavis, the major shareholder. As long as Mrs. Chavis is alive, Mr. Mitchell does not consider it appropriate to sell Trenton Mill but is interested in partnering with an experienced developer to redevelop it for a higher use. It has a key location on West Main Ave. just west of Gastonia's downtown center and could be a linchpin for a larger redevelopment area linking the downtown with nearby Loray Mill, also slated for a major renovation. It too could qualify for National Register listing fairly easily, according to experts familiar with the process.

Mount Holly Cotton Mill enjoys a unique site on the banks of Dutchman's Creek on the north side of downtown Mount Holly. Much of the original dam which diverted the creek to provide hydroelectric power for the mill is still in place, and when the brush is cut, the view from the mill toward the creek is very appealing. As Mount Holly continues its rebirth, which will probably be accelerated due to its proximity to the new U. S. Whitewater Center across the Catawba River and to Mecklenburg County/I-85/I-485, the Cotton Mill could play a vital role as the historic location for a new or expanding business. It is located just north of downtown in a low to

moderate income area and could also enhance future downtown redevelopment. Because it is already listed on the National Register of Historic Places, it offers strong tax incentives for revitalization.

The project team's analysis has found what Preservation North Carolina and others have found – that is, the cost of renovating these old buildings is about the same as new construction. On one hand they have an existing structure, but on the other they require considerable clean-up, new windows and doors, roof repair, rewiring, plumbing, HVAC and other systems, grading, parking, landscaping and more. So the idea that redeveloping an old mill is a tremendous financial windfall for a purchaser/developer is just not realistic with today's construction costs.

However, each of these properties could be made financially viable and appealing when it is considered in a broader regional context and all available tax incentives are utilized. State tax credits for renovating National Register-listed property for resale are 30 percent, and registered properties appropriately updated for rent or lease can qualify for 20 percent federal and 20 percent state tax credits. In addition, a Mills Rehabilitation Tax Credit bill being considered by the N.C. General Assembly would increase state credits by an additional 50-60 percent. Located on the eastern side of the county and in downtown Gastonia, all three can attract tenants or condominium buyers from a wide area. Each one can also play a vital role when put back into the life of the community, preserving a unique historic structure for future generations and stimulating further redevelopment/renewal efforts in the vicinity.

Marketing Considerations

Preservation North Carolina's annual conference in Gastonia in late October provided an ideal forum for spreading the word about these three great old mills and the possibilities for adaptive new uses. In addition, news coverage of the conference and the presentation on the mills was covered by local news media and featured on Charlotte's WFAE public radio.

Although public or civic use of one or more properties was conceived as a possibility at the start of the project, this is not a likely outcome under current circumstances. Belmont and Mount Holly have already converted existing "old but newer" mills for public offices, and Gaston County and the City of Gastonia have invested millions in upgrades and expansions of their facilities in downtown Gastonia. However Belmont officials have expressed interest in purchasing or leasing the lower floor of the Imperial Mill for an expanded public library. The outcome of that process remains to be seen.

Realistically speaking, the main target market is the private sector, both in terms of redevelopment and end users. Assuming our proposed uses, Imperial Mill would be converted to condominiums and marketed to young adults and others in the Charlotte Region. Trenton Mill would be marketed to diverse retail, restaurant and office users in Gaston and beyond. And Mount Holly would be marketed to small business owners in the region, or relocating here, who want a unique business location with lots of historic charm.

We also plan to market the mills via the Internet, creating a web page or PDF document about each, with links from the Gaston EDC website as well as each cities websites if they are willing. The web pages could be located on the existing gastonmills.com website.

Public Policy Recommendations

Our partners in this project, Preservation North Carolina, have spearheaded the adoption of a new bill in the North Carolina Legislature which would provide significantly increased tax benefits for the renovation of old mill buildings in the state, without rigid historic requirements. House Bill 474 was passed by the House in late August 2005 but not in the Senate. Senate sponsors promised to make it a priority when the Legislature reconvenes in the spring, but wanted to include it in with other tax abatement legislation on the books or being considered.

Our consulting team also recommends that each municipality which has one or more historic mill buildings within its boundaries, as well as Gaston County, provide strong tax incentives for the renovation of those buildings, based on value added. Long-term this will generate increased property tax revenues, and in some cases new jobs will be created as well.

To further encourage adaptive reuse of old mill buildings which do not otherwise qualify as historic structures by the Gaston County Historic Properties Commission, the project consulting team recommends that Gaston County and each municipality adopt the following additional incentives:

“To encourage adaptive reuse and renovation of older industrial buildings which are not being fully utilized, [local government name] will provide a tax incentive as follows:

- (1) The property must have been built and occupied prior to January 1, 1950.
- (2) The building must include at least 50,000 square feet of heated space.
- (3) Capital improvements to the building structure must exceed \$1 million, exclusive of equipment, stock, movable items, or exterior improvements such as parking, landscaping and lighting.
- (4) The building must be at least 50 percent leased or 50 percent in service by the owners within one year of completion of capital improvements.

Buildings which qualify by submitting an approved application to [local government unit] will be eligible for credits on their local property tax bill as follows:

- Year 1 - 90%
- Year 2 - 80%
- Year 3 - 70%
- Year 4 - 60%
- Year 5 – 50%”

Detailed Plans and Financial Projects

On the following pages are detailed market demand analysis, architectural plans and financial projections for each mill property, in alphabetical order.

III. MARKET ANALYSIS, PLANS, DRAWINGS, AND FINANCES FOR EACH MILL

A. IMPERIAL MILL

1. Market Analysis

A redeveloped Imperial Mill would anchor a much larger mixed-use project on the entire block bounded by the railroad tracks, Myrtle Street and Keener Boulevard in downtown Belmont. This property could support townhouses, apartments and small-scale commercial uses capitalizing on the established momentum of Main Street one block to the west. The Town of Belmont is also preparing to relocate its maintenance facility from Mill Street to Keener Boulevard, which would strengthen the pedestrian connection from Imperial Mill and the surrounding block to Main Street.

Imperial Mill is well-positioned for residential use. It offers close proximity to Main Street shops and restaurants, I-85 access to Charlotte's airport and employment centers, and the building's dimensions and column spacing support a central corridor with adequate unit depths and natural light. Attached housing demand in central Belmont was also established by the recent success of Hawthorne across Myrtle Street from Imperial Mill.

While there has been some concern expressed that the adjacent railroad tracks could diminish absorption, studies have proven otherwise for marketable urban locations. Fourth Ward and NoDa are examples in Charlotte.

A total of 26 flats ranging from 950 to 2,100 square feet could be created on the two main floors of Imperial Mill. Because this project size is well below a typical minimum threshold of 75 to 100 units to attract an experienced and well-capitalized apartment developer, a for-sale strategy is recommended for Imperial Mill.

The target market is heavily weighted toward relocating Charlotte households, including a mix of younger commuters, self-employed professionals and empty nesters drawn to the property's unique historic character and ambiance. It could also attract Gaston County residents seeking a lower-maintenance homeownership alternative.

There is a limited supply of older historic mills remaining available for residential conversion in the greater Charlotte market. In Mecklenburg County, the only project underway is Hoskins Mill off Brookshire Boulevard approximately three miles northwest of downtown. Because the adjacent neighborhood is low-income with a high-crime perception, a metal fence has been

constructed around the entire project. Imperial would offer a safer and more pedestrian experience for buyers.

Over the last four years, the average attached for-sale price in Gaston County was \$137,000, with no significant upward trend noted during the period. As an indication of the premium that could be generated in Belmont due to its close proximity to Charlotte and attractive downtown, the Hawthorne townhouses across from Imperial Mill sold for \$202,000 to \$235,000, or approximately \$120 per square foot for 1,716 to 1,935 square feet.

In Charlotte's historic South End district, new and resale condominiums currently range from \$225 to \$325 per square foot. Downtown, new and resale units range generally from \$300 to \$400 per square foot. Small projects developed over the last two years in the NoDa arts district approximately two miles northeast of downtown Charlotte have averaged \$165-\$175 per square foot. This area is characterized by small houses constructed in the early 1900s for workers at the nearby Highland Mill and a three-block commercial district.

A pricing strategy of \$150 to \$165 per square foot is recommended for Imperial Mill. This reflects a 10%-20% premium over the recent Gaston County average, which could be achieved based on the unique historic character of the product and superior location in downtown Belmont. It also represents discounts of approximately 30% to 50% from South End and 10% from NoDa in Charlotte.

The 8,900-square foot daylight basement would be most competitive for a civic use such as a library or senior center. Based on input obtained during this assignment, the Town of Belmont expressed an interest in buying or leasing the basement to accommodate a civic use. If this strategy could not be accomplished, however, and demand for condominiums on the upper two levels exceeded expectations, the space could be built-out for residences. For the purposes of this analysis, a conservative estimate of \$60-\$75 per square foot has been applied to the basement.

Additional details on market demand for Imperial Mill are attached in Appendix D, a subcontracted study done for the Gaston Mills project by The Littlejohn Group, which specializes in analyzing market demand for residential developments in the Charlotte area. They had previously done studies for the Hawthorne community and thus had a relevant base to build on.

2. Architectural Analysis of Imperial Mill and Proposed Design

Unique Existing Architectural Features:

- Significant portions of the original 1905 structure remain, although apparently buried beneath subsequent additions.
- Solid Load Bearing Exterior Brick walls with true masonry arches and brick detailing
- 100 plus 11'-8" high 4'-8" arched windows with operable awning units
- Original Arched Mill Entrance / Stair Tower with brick corbelling and detail
- Heart Pine Columns, Beams and Decking on First Floor
- Maple T&G finished flooring throughout First & Second Floors
- Two large operational Elevators located opposite of Original Mill Main Entrance
- Freestanding 900 sq. ft. Mill Office Building with large "true" load bearing brick arches
- Sited on prow of hill adjacent to R/R line and surrounded by undeveloped property
- Walk-Out Basement with concrete floors, steel framing and heart pine decking at ceiling
- 12'-5" to 15'-7" ceiling heights

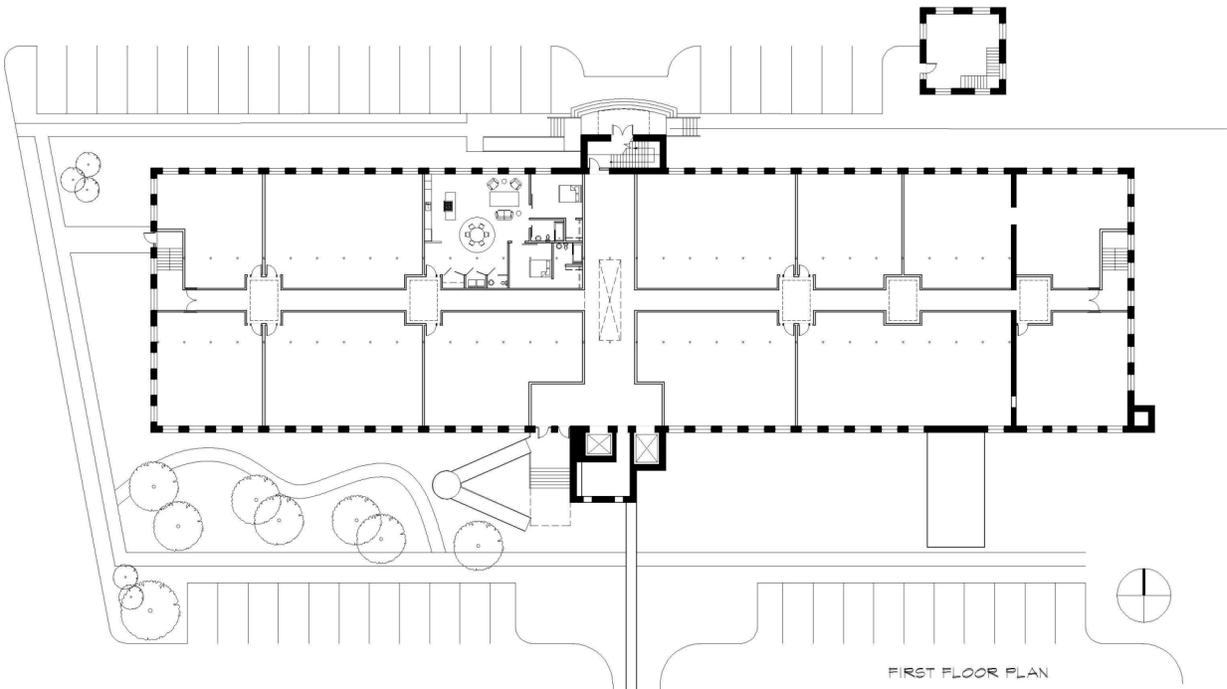
Proposed Design:

- Open bricked up windows and install new insulated clear glass windows which match original appearance
- Clean and restore existing exterior brick walls. Remove paint from interior brick surfaces and repaint brickwork
- Lightly sandblast all paint from existing Heart Pine Columns, Beams, and Decking. Seal with clear sealer.
- Sand and seal existing wood floors. Deep scars and stains ingrained in the wood are considered character.
- Renovate existing sprinkler system as required for new building use.
- Remove existing Freight Elevators and install new Pedestrian Type Elevators in existing shafts.
- Install new 6' wide double loaded corridor for length of building which provides access to 28 residential condominiums. Accentuate Unit entrances with 2' wide entrance alcoves lighted by dropped floating gypsum board flat ceilings with recessed can light fixtures.
- Install solid maple doors with glass side lights and transoms above doors at each unit entrance
- Install new 8'x 24' skylight above Main Entrance Lobby with 8'x 24' opening in second floor to allow sunlight in at middle of building length.
- Typical residential units range from 949 sq.ft. to 1,680 sq. ft. and can be combined as desired to create larger units. Typical Unit design will incorporate features of "loft" type apartments with open plan and shared spaces which can take advantage of the high ceilings and tall windows in exterior walls. Units can accommodate two or three bedrooms, depending on size.
- Mechanical, Electrical, Plumbing and Sprinkler systems will be exposed throughout, requiring careful planning by engineers and thoughtful execution by tradesmen.

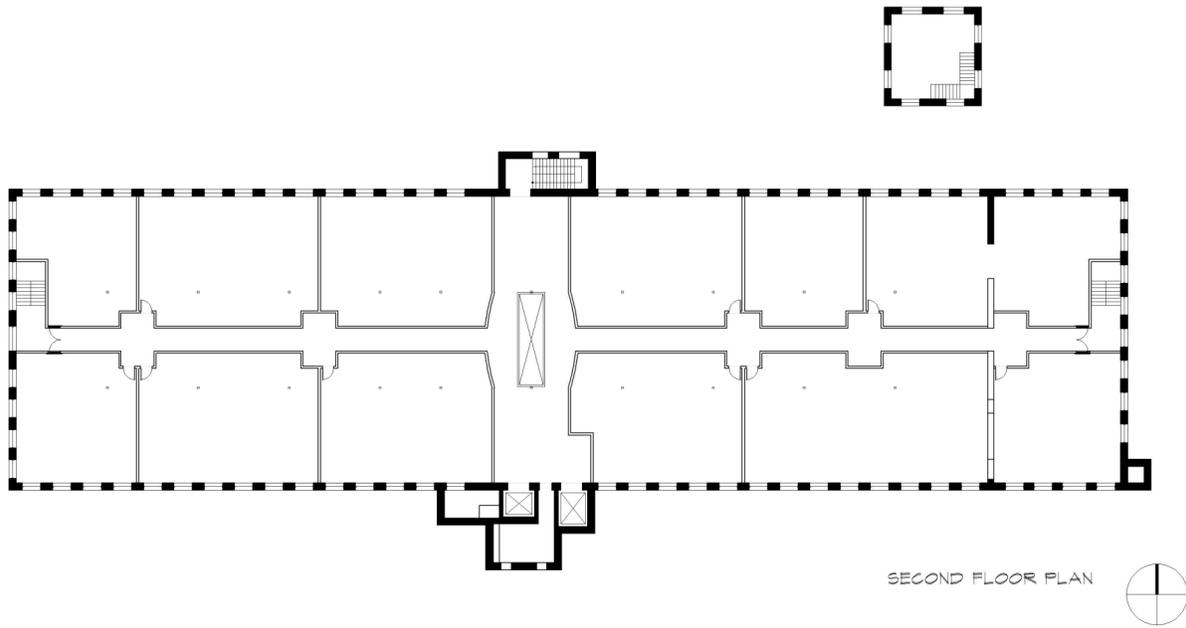
Rendering of proposed design for Imperial Mill:



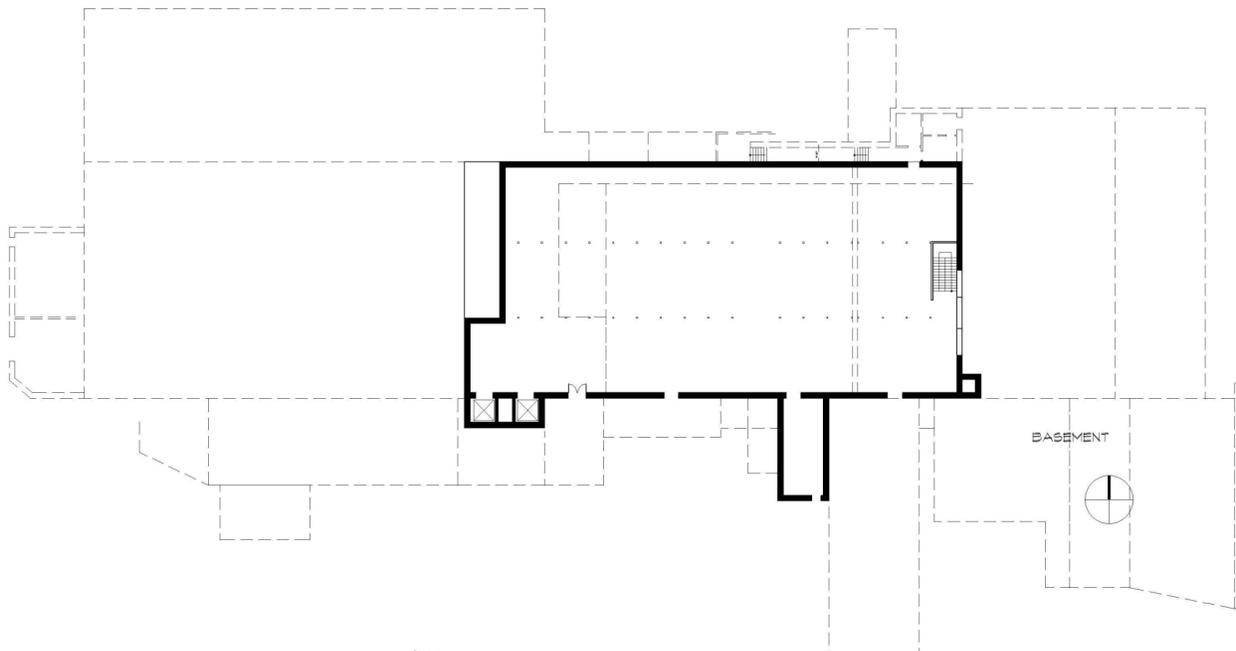
Proposed First Floor Design of Imperial Mill:



Proposed Second Floor Design of Imperial Mill:



Proposed Basement Design of Imperial Mill:



Building Code Analysis:

- The building was reviewed using Chapter 34 of the NC State Building Code. It was classified as Type 3B construction, due to the mix of steel and heavy timber construction. Based upon this analysis, we recommend that the building sprinkler system be renovated for new use, two new fire exits be remotely installed and stair and elevator shafts are 2 hour rated.

Site Design:

- Access to the site is from Downtown Belmont via Airline Street adjacent to the R/R tracks and Mill Street and from Myrtle Avenue on Hawthorn Street. We propose that tenant parking be developed between the Building and the R/R right of way, adjacent to Hawthorne St., and along South side of building. Utilizing the natural slope of the property we propose grading adjacent to the _ basement and creating a walk out basement which can be used as flex space.
- Open, landscaped park-like areas are designed to occur adjacent to the South Elevation near the West end of the Building. This is considered an amenity for the tenants.

3. Financial Analysis

Imperial Mill is a 60,923 square foot vintage textile facility located in Belmont, North Carolina. The facility is presently not occupied by the owner and is used for general storage. Based on the demand and market study completed with this project, and along with the architectural plans and specifications, we completed a financial model that would support the intended use of residential. We have proposed 24 units for sale and a basement level to be sold as a public use to the municipality for perhaps a library, etc.

For this assignment we used standard development provisions for multi-tenant leased investment property. The key variables included the following: (1) hard costs plus (2) soft cost equal (3) total project cost. We completed two scenarios for the analysis. In each scenario we completed all of the key facets for a proforma but Scenario 1 was more conservative than Scenario 2. The general assumptions for this project included the following:

<u>Imperial Mill</u>	<u>Scenario 1*</u>	<u>Scenario 2*</u>
Gross Building Area	60,923	60,923
Rentable Area	45,743	45,743
Total Project Costs	\$5,476,185	\$5,498,724
Sale Price	\$140.24	\$142.89
Sale Period	24 Mos	24 Mos
Loan	6% @ 20 yrs	5.5% @ 25 yrs

*The returns for each of the scenarios are shown in the chart below. As you will see both scenarios do cash flow. The significant difference in the cash flow and returns is reflective of higher selling price in Scenario 2.

<u>Imperial Mill</u>	<u>Scenario 1*</u>	<u>Scenario 2*</u>
Cash on Cash	13%	33%
Net Cash pre-credit	\$180,891	\$357,334
Historic Tax Credit	\$1,249,057	\$1,255,819
Credit cash value	\$624,529	\$627,909
Net Cash (P/L)	\$805,420	\$985,243

*We show much higher cash on cash returns in Scenario 2, which is well within the reach of a solid market deal.

However if we were to apply tax credits to each of the scenarios, both of which do show a positive cash value, it makes the investment even more appealing. Thus we reason the value of the credits. We have assumed that the credits will be sold to generate cash instead of a tax distribution to the owners.

<u>Imperial Mill</u>	<u>Scenario 1*</u>	<u>Scenario 2*</u>
Tax Basis	\$812,661	\$812,661
Deduct for Site work	(\$500,000)	(\$500,000)
Tax Credit Basis	\$4,163,524	\$4,186,063
State Credit	30%	30%
State Credit New		
Fed Credit	0%	0%
Total Credit	30%	30%
Credit Value	\$1,249,057.20	\$1,255,818.90
Cash Value of Credit State	50%	50%
Cash Value of Credit Federal		
Cash value	\$624,528.60	\$627,909.45

B. MOUNT HOLLY COTTON MILL

1. Market Demand Analysis

With its scenic location along Dutchman's Creek, ample parking capacity and separate wing for kitchen and support uses, the initial opportunity identified for the Mount Holly Cotton Mill was an event venue and conference center. These facilities represent a fast-growing segment of the hospitality industry driven by a combination of corporate and personal demand.

In spite of this national and regional trend, interviews with experienced operators in the Charlotte area indicted inadequate momentum in the market to support a privately-owned facility in Mt. Holly. Essentially, revenues during the first five years would not cover the cost of renovation. Another factor is the deteriorated housing at the entrance to the property that would limit marketability for weddings and other receptions. However, there could be an opportunity to revisit this use after I-485 is completed through western Mecklenburg County and the U.S. National Whitewater Center opens on the eastern shore of the Catawba River.

For-sale residential was also considered, but there is not enough square footage in the mill to support a full-scale redevelopment effort. The 100-year floodplain level immediately below the first floor would also be a strong disincentive to buyers, along with the appearance of the adjacent houses. In fact, any successful residential plan would need to incorporate assembly and demolition of those lots to create a seven-acre parcel extending to the NC-273/Main Street intersection.

The office market in eastern Gaston County is comparatively strong, with minimal vacancy in buildings constructed to modern standards. The area is currently typified by single tenant and owner-occupied space.

Given the pending population growth in western Mecklenburg and eastern Gaston counties, the number of entrepreneurs and small business owners will expand. Crosland is proposing up to 1,200 housing units between NC-27 and the Whitewater Center across the Catawba River from Mt. Holly. Some of these residents would welcome the opportunity to occupy historically significant and attractive office space in a scenic small-town environment without a congested commute into Charlotte.

The building's small floorplates and numerous windows would enhance interior light and views. If the building were divided into multi-tenant space, a single-loaded corridor would maximize views toward the creek. The site also offers ample parking space, and restaurants and other retail services would be within a two-block walking distance along N. Main Street.

Offices would be comparable in appearance to lofts in the South End area of Charlotte that currently rent for \$17 to \$18 per square foot, full-service. We forecast \$10 to \$12 per square foot would be achievable at Mt. Holly Mill on a triple net basis, plus pass-through expenses of approximately \$2.00 to \$2.50 per square foot.

Office rent could also be supplemented by events and receptions after business hours and on weekends on an outdoor patio and entertainment area along Dutchman's Creek. This income was not included as part of the analysis.

2. Architectural Analysis and Proposed Design of Mount Holly Mill

Unique Existing Architectural Features:

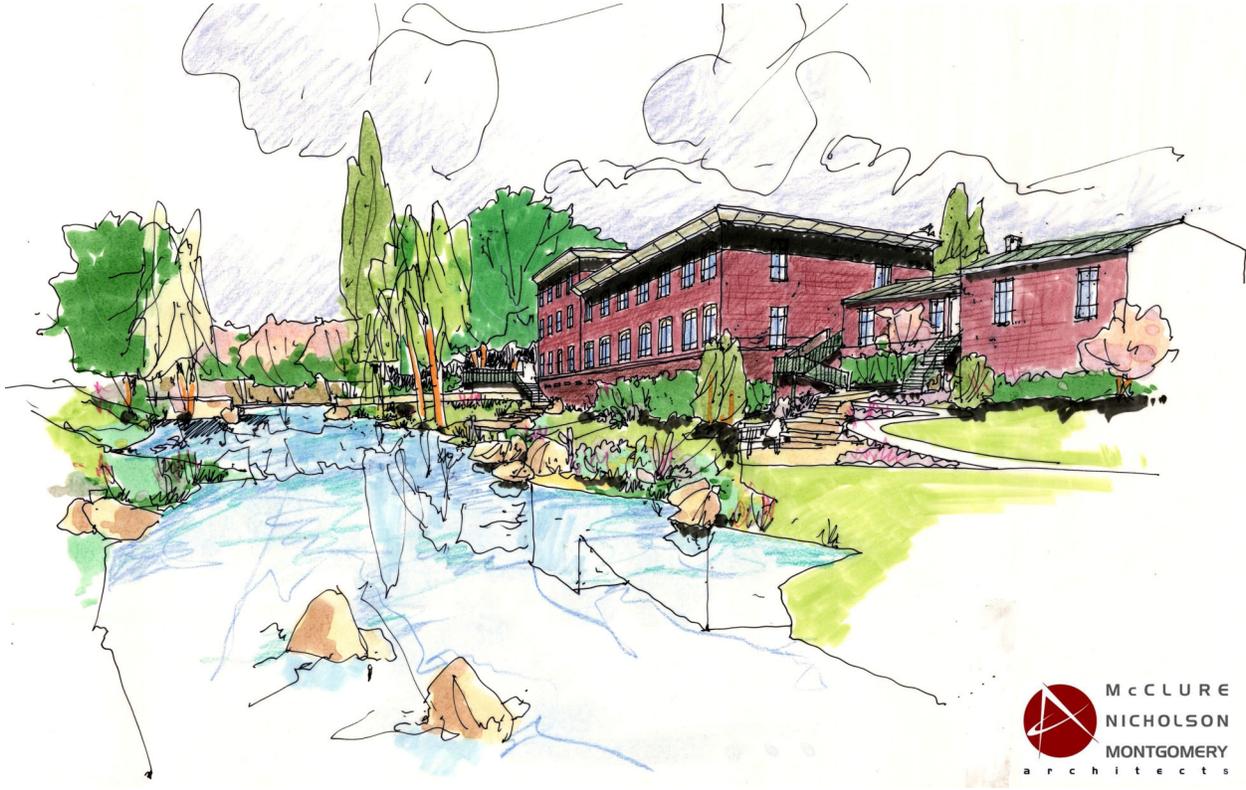
- Solid Load Bearing Exterior Brick walls on a partially exposed solid granite foundation
- Existing window openings, original windows replaced or missing.
- Portions of original stone dam in Dutchman's Creek remain and are visible.
- Heart Pine Columns, Beams and Decking in original space remain.
- T&G finished flooring throughout First & Second Floors
- Original stairwell remains.
- Freestanding outbuilding remains.

Proposed Design:

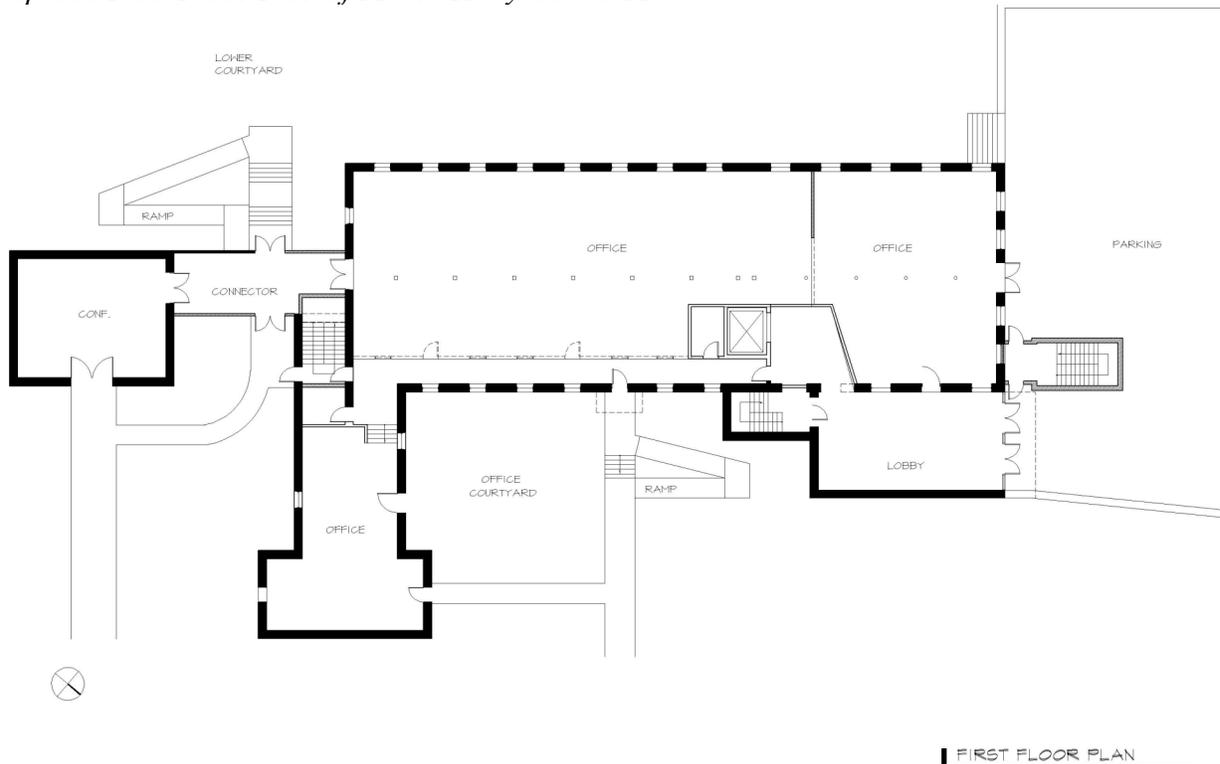
- Install new insulated clear glass windows which match original appearance.
- Clean and restore existing exterior brick walls. Remove paint from interior brick surfaces and repaint brickwork.
- Lightly sandblast all paint from existing Heart Pine Columns, Beams, and Decking. Seal with clear sealer.
- Sand and seal existing wood floors. Deep scars and stains ingrained in the wood are considered character.
- Renovate existing sprinkler system as required for new building use.
- Install new Pedestrian Type Elevators in new 2 hour rated shaft within original structure.
- Add two new exterior, 2 hour rated stairwells, one at each end of building for egress from 2nd and 3rd floor offices.
- Install new single loaded corridor for length of building which provides access to proposed offices. Mirror exterior window openings in new corridor wall in order to gain light and views across corridor. Corridors can be deleted should a single tenant take an entire floor.
- Tenant restrooms will be considered part of each tenant's upfit.
- Install solid maple doors at all tenant entrances.
- Add new one story addition to house building main entrance / reception space.
- The existing freestanding outbuilding is to be renovated for use as a conference room or as additional office space. This space is proposed to be connected to the main structure thru a new enclosed connector.

- Mechanical, Electrical, Plumbing and Sprinkler systems will be exposed throughout, requiring careful planning by engineers and thoughtful execution by tradesmen.
- Office views are oriented toward Dutchman's Creek.

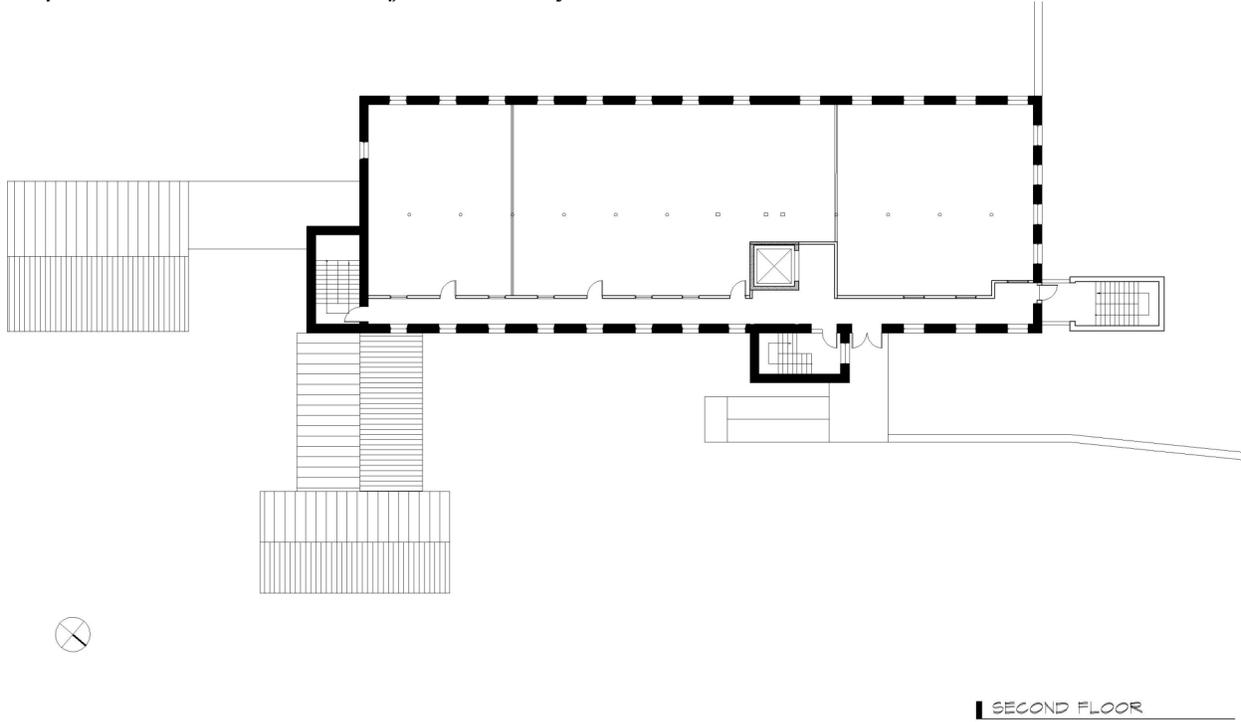
Rendering of Proposed Mount Holly Cotton Mill Design:



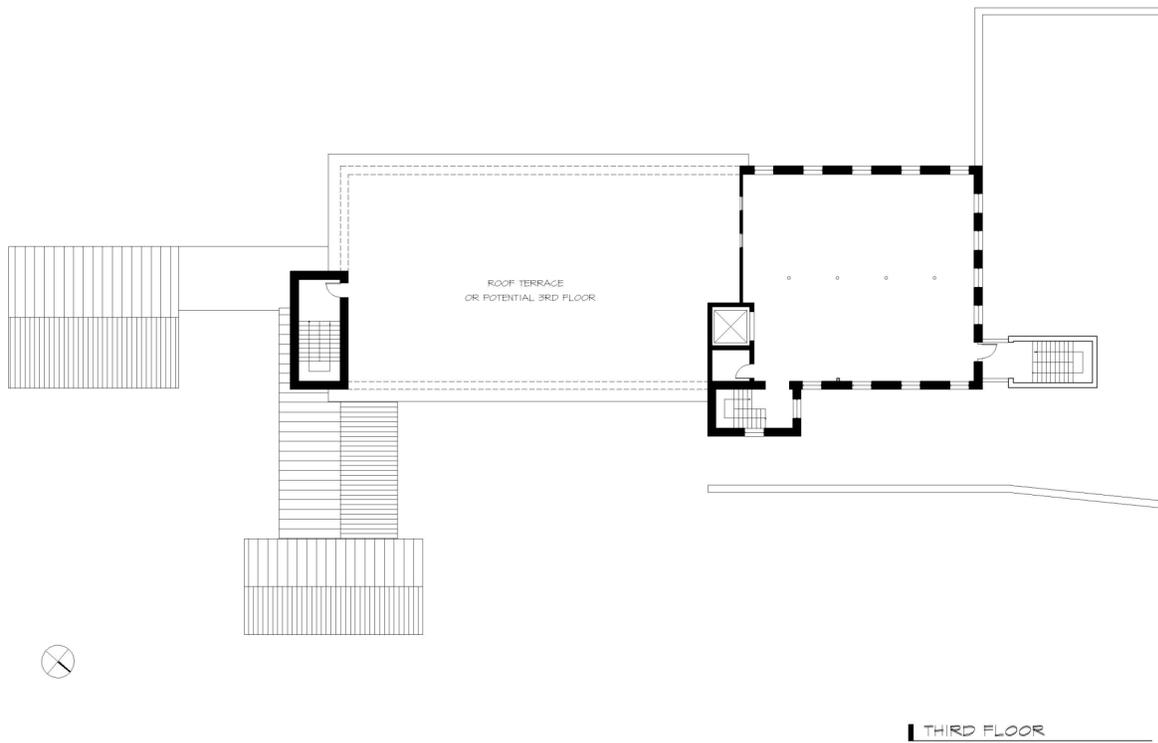
Proposed First Floor Plan of Mount Holly Cotton Mill:



Proposed Second Floor Plan of Mount Holly Cotton Mill:



Proposed Third Floor Plan of Mount Holly Cotton Mill:



Building Code Analysis:

- The building was reviewed using Chapter 34 of the NC State Building Code. It was classified as Type 3B construction. Based upon this analysis, we recommend that the building sprinkler system be renovated for new use, two new fire exits be remotely installed and stair and elevator shafts are 2 hour rated.
- Since the site incorporates Dutchman's Creek into the property, part of the site lies within the 100 year flood plain. Per a report performed for this report, it was determined that the existing 1st floor framing is completely above the current FEMA 100 year flood elevation. This is good for the existing floors and any potential proposed work to these floors, however, the foundation / crawl space falls below this Flood elevation and will have to meet FEMA requirements at the time of modification.

Site Design:

- Site access and parking is from existing drive off Main Street. Parking is proposed in the lot facing Main Street and in the area to the left of the buildings. The main entrance is proposed at the lower parking lot however access via a new handicapped ramp and stairs is proposed from upper lot as well. The landscaped park area along Dutchman's Creek is accessed from new stairs at lower parking lot or by stair and ramp from new connector located between freestanding outbuilding and main structure.
- The substantial yard adjacent to Dutchman's Creek is envisioned as a landscaped amenity for the Building Tenants. It could be leased out to groups wishing to have outdoor gatherings such as weddings, office parties, receptions, etc.

3. Financial Analysis

Mount Holly Cotton Mill is a 20,724 square foot vintage textile facility located in Mount Holly, North Carolina. The facility is presently occupied by the owner and used for general office and storage. Based on the demand and market study completed with this project, and along with the architectural plans and specifications, we completed a financial model that would support the intended use of office.

For this assignment we used standard development provisions for multi-tenant leased investment property. The key variables included the following: (1) hard costs plus (2) soft cost equal (3) total project cost. We completed two scenarios for the analysis. In each scenario we completed all of the key facets for a pro forma, but in Scenario 1 was more conservative than Scenario 2. The general assumptions for this project included the following:

<u>Mount Holly</u>	<u>Scenario 1*</u>	<u>Scenario 2*</u>
Gross Building Area	20,274	20,274
Rentable Area	15,368	15,368
Total Project Costs	\$2,197,389	\$1,938,234
Lease Rate	\$10.12	\$12.48
Lease up period	24 Mos	24 Mos
Vacancy	10%	10%
Loan	6% @ 20 yrs	5.5% @ 25 yrs

*The returns for each of the scenarios are shown in the chart below. As you will see Scenario 1 does not cash flow and Scenario 2 does cash flow. The primary difference is that the total project cost is less and the market rents are higher by about 20% in Scenario 2. This market has not been tested for this type of space or rents in the \$12.00 per square foot range. We could argue that the rents are below Charlotte rents and perhaps could be obtained.

<u>Mount Holly</u>	<u>Scenario 1*</u>	<u>Scenario 2*</u>
Stabilized NOI	\$132,000	\$165,476
IRR	-9.40%	13.00%
Cash on Cash	0.00%	11.00%
Net Cash pre-credit	(\$996,667)	\$641,637
Historic Tax Credit	\$427,616	\$375,785
Credit cash value	\$427,616	\$375,785
Net Cash (P/L)	(\$569,051)	\$1,017,422

*We show slightly higher net operating income (NOI) in Scenario 2 and likewise the returns of 13% internal rate of return (IRR) and 11% cash on cash make this a fair to average project. Market standards are a minimum 12% IRR and 15% cash on cash.

However, if we were to apply tax credits to each of the scenarios, both do show a positive cash value. Thus we reason the value of the credits. We have assumed that the credits will be sold to generate cash, instead of a tax distribution to the owners. Even though Scenario 2 will have higher cash flow, we still believe the risk associated with untested rents may not prove to be a risk-free investment and therefore would have more confidence in Scenario 1.

<u>Mount Holly</u>	<u>Scenario 1*</u>	<u>Scenario 2*</u>
Tax Basis	\$59,310	\$59,310
Deduct for Site work	\$0	\$0
Tax Credit Basis	\$2,138,079	\$1,878,924
State Credit	20%	20%
State Credit New		
Fed Credit	20%	20%
Total Credit	40%	40%
Credit Value State	\$427,616	\$375,785
Credit Value Federal	\$427,616	\$375,785
Total Credit	\$855,231.60	\$751,569.60
Cash Value of Credit State	50%	50%
Cash Value of Credit Federal	50%	50%
Cash value	\$427,615.80	\$375,784.80

C. TRENTON MILL

1. Market Analysis

Trenton Mill anchors the western end of Main Avenue in downtown Gastonia. Unlike the vacant Imperial and Mount Holly mills, it is partially occupied by a carpet/flooring store and a mix of distribution businesses.

Because Trenton Mill was constructed in several phases with different entrances and corridors, it is particularly conducive to multiple uses. The buildings also range in height from one to three levels. Surrounded by a mix of commercial and industrial uses, office is the most viable option, along with a destination restaurant and possibly an affiliated event/reception venue. Residential demand would be dampened by the lack of a defined neighborhood and the absence of nearby retail services, including a supermarket.

Office space would be most competitive in the three-story building facing downtown. The target market includes attorneys, entrepreneurs, small businesses, government and civic/non-profit uses seeking an urban location in a unique historic structure. Design and creative businesses would be an especially strong component of demand, along with law practices needing proximity to the courts. Downtown Gastonia remains the center of government, and expanding or relocating agencies would be well served by utilizing such a convenient facility. It is important to note that improved pedestrian connections to the center of downtown would also accelerate tenant interest.

One or two destination restaurants and a possible reception/event venue could be accommodated on the ground level of the building facing Trenton Street. Unique lighting and signage on the Main Avenue side of the building would attract traffic from Franklin Boulevard. As an example of this concept, Spaghetti Warehouse opened in a former vacant mill in Charlotte's South End in the late 1980s. At the time, there were no other viable retail or office uses in the immediate vicinity, and trolley service on the adjacent tracks was an unfunded plan. Trolley service is now in operation, and the market has improved dramatically. The Spaghetti Warehouse restaurant space recently shifted to office uses.

The office and retail markets in this location will be price-sensitive. We forecast triple net rents of \$8 to \$10 per square foot, comparable to existing buildings in downtown Gastonia. It is unlikely that a premium can be generated for Trenton Mill, at least initially. However, if the surrounding area emerges as a competitive urban district, measurable rent escalations could be expected.

At full occupancy, on-site parking could be inadequate for all of the office space and restaurant(s). As a result, the City of Gastonia should pursue parallel parking spaces on the adjacent blocks of Trenton Street and Main Avenue. This could be accomplished as part of an overall improvement project linking Trenton Mill to the downtown core.

This project would have the strongest potential to act as a catalyst for private investment on nearby parcels. Several surrounding blocks have only one or two owners, facilitating assembly for larger-scale redevelopment. North Carolina's recently passed Amendment One could allow tax-increment financing for the necessary public infrastructure.

Trenton Mill is also located in a Census Tract qualifying for New Markets Tax Credits (NMTC), a federal program that encourages job creation in areas with above-average poverty and/or unemployment. However, based on input from lenders, the City of Gastonia would have to establish the area as an Empowerment or Enterprise Zone targeted specifically for redevelopment in order to compete effectively for NMTC investment.

2. Architectural Analysis and Proposed Design of Trenton Mill

Unique Existing Architectural Features:

- Solid Load Bearing Exterior Brick walls with partial towers at entrances and stairs
- Shallow masonry arched windows (infilled with glass block) at 1893 portion
- Large existing industrial steel windows at three story (1900) portion
- Original Arched Entrance at Stair Tower with winding stair to 2nd and 3rd floor
- Heart Pine Beams and Floor Decking throughout except concrete at basements
- T&G finished flooring at all raised floors
- Operational Elevator at three story portion
- Sited located in downtown Gastonia and adjacent to rail line
- Linear interior court

Proposed Design:

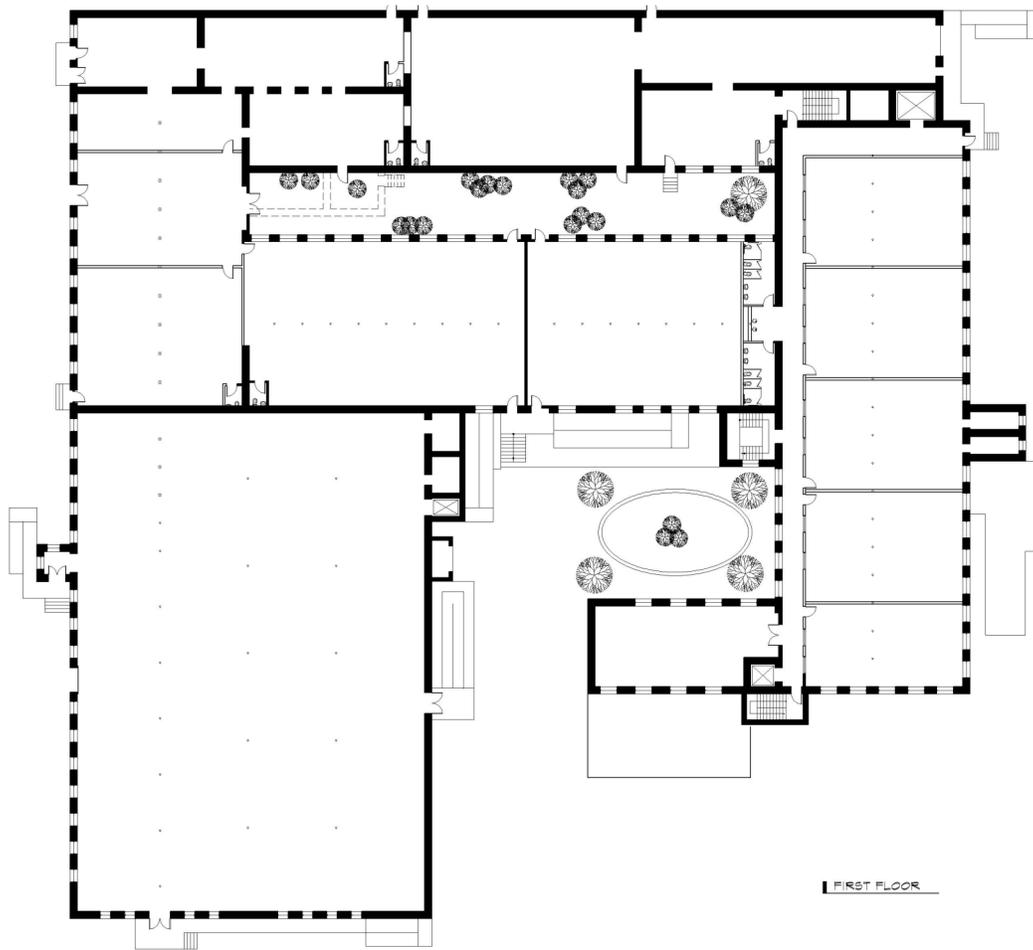
- Open bricked up windows and windows infilled with glass block and install new insulated clear glass windows which match original appearance.
- Remove existing glass in steel windows, sandblast frames, repaint and reglaze with clear glass.
- Clean and restore existing exterior brick walls. Lightly sandblast interior brick surfaces to remove paint and grime and repoint brickwork as required.
- Lightly sandblast all paint from existing Heart Pine Columns, Beams, and Decking. Seal with clear sealer.
- Sand and seal existing wood floors. Steel rings pressed into floor, deep scars and stains ingrained in the wood are to be sealed into finished floor.
- Renovate existing sprinkler system as required for new building use.

- Remove existing Freight Elevators and install new Pedestrian Type Elevators in existing shaft.
- Create new entrance on side facing downtown with handicapped ramp and stair. Accentuate new Entrance by adding new industrial style steel framed canopy with large freestanding letters across top of canopy.
- Install new single loaded corridor for length of building in 3 story portion. Add new gang toilets near existing stair and replicate plan on upper two floors. Break up corridor with dropped ceilings and large industrial windows which mirror windows in exterior walls.
- Install hollow metal doors with full glass at entrance to each office suite.
- Construct new stair at each end of corridor at three story portion.
- Typical office suites range from 1,115 sq.ft. to 5,284 sq. ft. and can be combined as desired to create larger units.
- Retail / Multipurpose space located in one story 1897 portion is 14,532 sq. ft. and can also be subdivided into two 7,262+/- sq.ft spaces. This space will be accessible through existing Tower element on Trenton Street side of building. A new handicapped ramp is proposed at this entrance.
- Completely new mechanical, electrical and plumbing systems are proposed.
- Existing sprinkler system is proposed be renovated to meet new code requirements.
- Mechanical, Electrical, Plumbing and Sprinkler systems will be exposed throughout, requiring careful planning by engineers and thoughtful execution by tradesmen.
- Enclosed interior courtyard to be landscaped to create attractive views and amenity for tenants.
- Partial courtyard at 3-story stair tower to be landscaped.

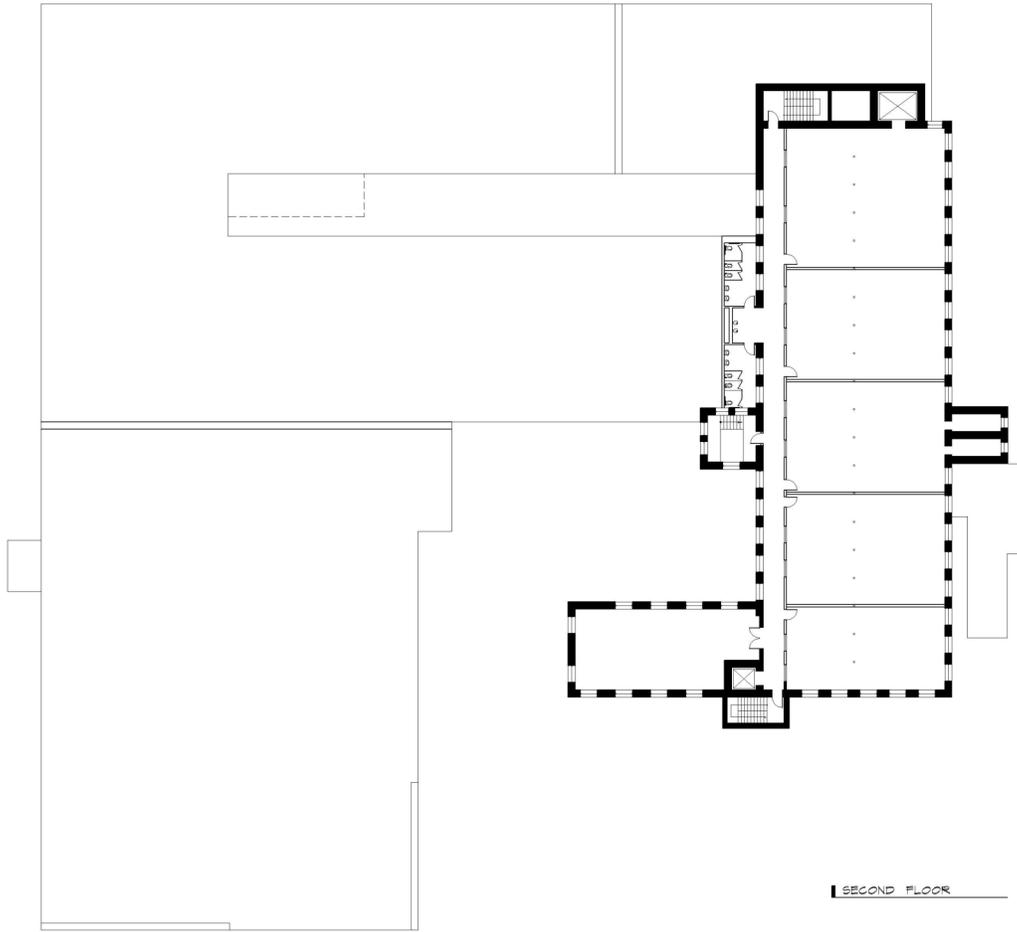
Proposed Rendering of Trenton Mill:



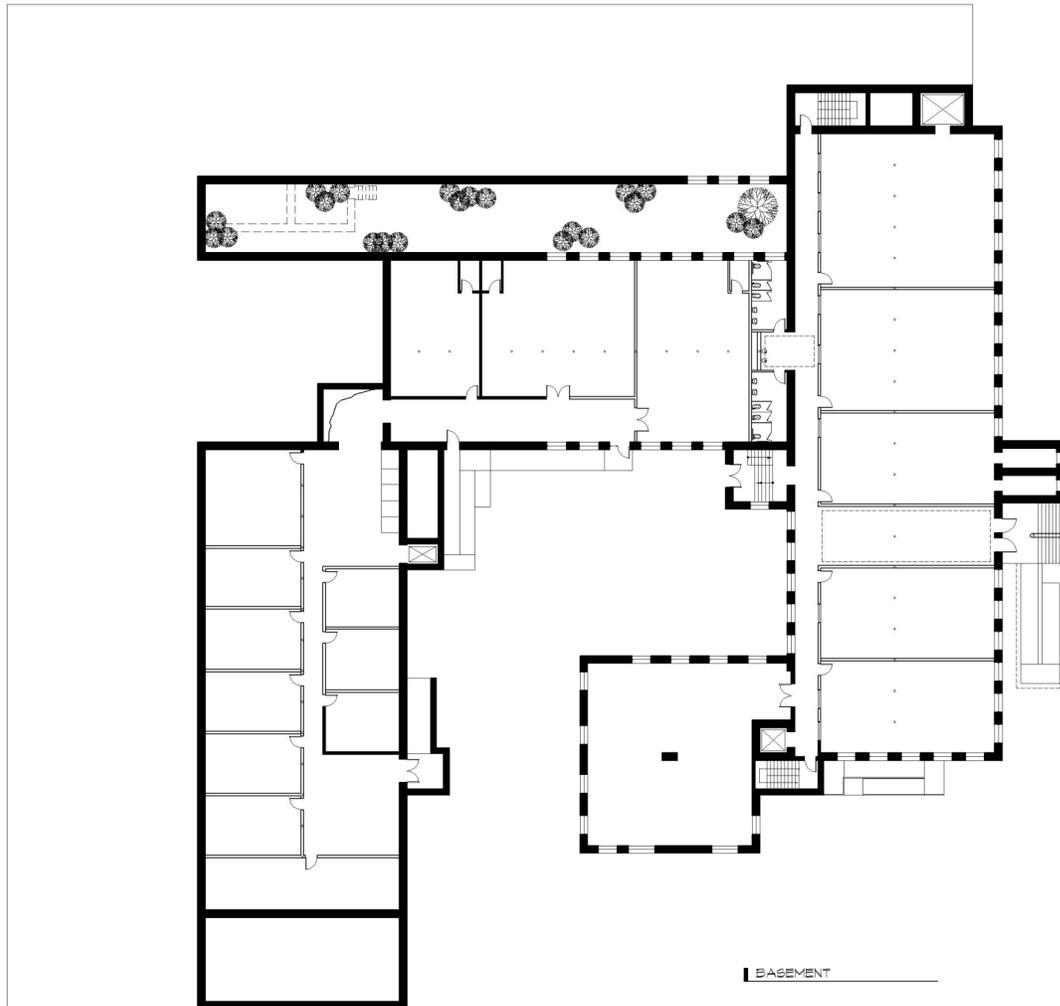
Proposed First Floor Plan of Trenton Mill:



Proposed Second Floor Plan of Trenton Mill:



Proposed Basement Plan of Trenton Mill:



Building Code Analysis:

- The building was reviewed using Chapter 34 of the NC State Building Code. It was classified as Type 3B construction, due to the mix of steel and heavy timber construction. Based upon this analysis, we recommend that the building sprinkler system be renovated for new use, two new fire exits be remotely installed and stair and elevator shafts are 2 hour rated. Also, since the existing area exceeds the code allowable area, we propose that a 3 hour rated firewall be constructed, extending from foundation thru roof, at location indicated between Retail/Multi Use area and Office area.

Site Design:

- The site can be developed to provide a substantial portion of the required parking for the proposed use. This design proposes that additional parking be provided on adjacent sites either by leasing or purchasing property. The long narrow site between this property and the

R/R line is particularly suitable for this potential use and is indicated as parking on the proposed site plan.

- By the use of landscaped parking and period type light fixtures views of the building can be enhanced and the character of the overall site improved.

3. Financial Analysis

Trenton Mill is an 86,000 square foot vintage textile facility located in Gastonia, North Carolina. The facility is presently occupied by several tenants of various uses including retail, office and light manufacturing. Based on the demand and market study completed with this project, and along with the architectural plans and specifications, we completed a financial model that would support the intended use of office and retail.

For this assignment we used standard development provisions for multi-tenant leased investment property. The key variables included the following: (1) hard costs plus (2) soft cost equal (3) total project cost. We completed two scenarios for the analysis. In each scenario we completed all of the key facets for a pro forma, but in Scenario 1 was more conservative than Scenario 2. The general assumptions for this project included the following:

<u>Trenton Mills</u>	<u>Scenario 1*</u>	<u>Scenario 2*</u>
Gross Building Area	86,401	86,401
Rentable Area	67,882	67,882
Total Project Costs	\$6,027,000	\$5,035,439
Lease Rate	\$7.36	\$10.78
Lease up period	24 Mos	24 Mos
Vacancy	10%	10%
Loan	6% @ 20 yrs	5.5% @ 25 yrs

*The returns for each of the scenarios are shown in the chart below. As you will see Scenario 1 does not cash flow and Scenario 2 does cash flow. The primary difference is the total project cost is less in Scenario 2 because we elected not to renovate the current retail space until a future date. This reduces costs and risk, given that retail would be less desirable at this location compared to office use.

<u>Trenton Mills</u>	<u>Scenario 1*</u>	<u>Scenario 2*</u>
Stabilized NOI	\$432,000	\$500,000
IRR	3.30%	18.00%
Cash on Cash	2.03%	15.00%
Net Cash pre-credit	(\$850,693)	\$2,337,745
Historic Tax Credit	\$1,120,468	\$922,155
Credit cash value	\$1,568,655	\$1,291,018
Net Cash (P/L)	\$717,962	\$3,628,763

*We show slightly higher net operating income (NOI) in Scenario 2 and likewise the returns of 18% internal rate of return (IRR) and 15% cash on cash make this a viable project. Market standards are a minimum 12% IRR and 15% cash on cash.

Therefore if we were to apply tax credits to each of the scenarios, each one does show a positive cash value. Thus we reason the value of the credits. We have assumed that the credits will be sold to generate cash compared to a tax distribution to the owners.

<u>Trenton Mills</u>	<u>Scenario 1*</u>	<u>Scenario 2*</u>
Tax Basis	\$424,662	\$424,662
Deduct for Site work	\$0	\$0
Tax Credit Basis	\$5,602,338	\$4,610,777
State Credit	20%	20%
State Credit New		
Fed Credit	20%	20%
Total Credit	40%	40%
Credit Value State	\$1,120,468	\$922,155
Credit Value Federal	\$1,120,468	\$922,155
Total Credit	\$2,240,935.20	\$1,844,310.80
Cash Value of Credit State	50%	50%
Cash Value of Credit Federal	90%	90%
Cash value	\$1,568,654.64	\$1,291,017.56

This concludes the main portion of our report. Appendices follow.

APPENDIX A. STATE, FEDERAL AND LOCAL TAX INCENTIVES

Gaston County, the State of North Carolina, and the U.S. government provide a number of significant incentives for rehabilitating old mills for new income-generating purposes. Much of this information is condensed from online sources. The main incentives are listed below, with links to the source sites and others for additional information:

A. STATE AND FEDERAL HISTORIC PRESERVATION TAX INCENTIVES

1. Development for resale, such as condominiums at Imperial Mill

- Building must first be listed on National Register of Historic Places for tax credits, and special consultants can be hired to coordinate that for \$10,000-12,000.
- Listing does not obligate or hinder owner in any way – no oversight on uses.
- Listing qualifies building project for 30% tax credit on state income tax, usually taken by individual investors off their individual returns. Credits can only be used by investors or principals with risk.
- State can be detail-oriented on preservation issues such as authentic windows, but since Imperial's are bricked over that should not be a problem.
- Tax credit basis can include "soft costs" such as consulting fees, architecture fees, as well as interest and taxes accrued prior to putting the building into service.
- Investors get 6% credits a year for 5 years, totaling 30% of project cost minus purchase price, starting in the year when building is completed.
- Can pass credits on to buyers but it gets very complicated, because each person's tax situation is different, so this is not recommended or often done. Credits can be carried forward for up to 20 years if needed.
- State tax credits can be sold, and the going rate is \$0.45-\$0.55 per \$1.00 at the time of building completion.

2. Development for lease, such as Trenton

- Income-generating property, once listed on the National Register, is eligible for 20% federal plus 20% state tax credits for renovation costs
- Federal tax credits get complicated because passive investors can only use it against passive income
- The renovation investment must equal or exceed the purchase price of the building to meet the "basis test" and qualify for tax credits. You can deduct the percentage of the building's value, relative to the land value which the county tax office uses, from the purchase price to determine the building basis.
- Active investors can take the whole federal tax credit in year 1, but if the property is not held by the original investors for five years, they will have to give the credits back to the feds on a pro-rata basis for the remaining years.
- For large deals with \$1 million or more in credits, banks like Bank of America and Wachovia are very interested in buying the credits which they can use as an immediate tax write-off, at prices up to \$0.90-\$0.95 per \$1.00.
- However, banks require that the private investors provide operational guarantees so the deal is always right-side up and the bank is never at risk
- The state portion can still only be claimed over 5 years in equal increments (4% a year).

- Credits have to match up with economic risk – can't take them if you aren't invested in the project
- Tax-credit-qualified property is generally limited to the original building footprint; site improvements and additions do not qualify.
- Again application of tax credits vary by each individual's tax situation and cannot be glibly promised as automatic

3. Sale of building to a buyer who locates his business there, such as Mt. Holly Mill

- This works best when the individuals buy the building as individual owners or under a separate business entity (LLC) and get all the tax credits for upfitting it as income-producing property (see No. 2 above)
- They then lease it to their business at fair market value.

Additional information on state and federal tax incentives can be found at:

<http://www.hpo.dcr.state.nc.us/tchome.htm>

4. New Markets Tax Credits

(Condensed from the National Trust website)

The New Markets Tax Credit (NMTC) provides a 39 percent federal tax credit (spread over seven years) for companies and individuals who invest in commercial projects in qualifying commercial districts (below-average-income census tracts). The New Markets Tax Credit program does not give preference to investment in small businesses nor to businesses that locate in existing buildings. In fact, the NMTC program could easily favor new construction over rehabilitation and large-scale, big-box retailers over community-owned small businesses. That could, in turn, result in the demolition of older and historic commercial or industrial buildings in favor of new, suburban-style structures, or cause the displacement of lots of existing small businesses.

Furthermore, the NMTC program is logistically complicated. It is not designed to work in the same way as the federal rehabilitation tax credit, where a property owner who rehabs an older building deducts a percentage of the rehab cost from his or her federal tax bill, plain and simple. Instead, the New Markets Tax Credits will go to investors (primarily corporations) that invest in a qualified "Community Development Entity" (CDE) which, in turn, invests in businesses in qualifying districts. While it's a generous tax credit, the investors will still need to earn a conventional return on their investments in the CDE (after all, who would invest a dollar in something just to get back 39 cents?). Among other things, that means the CDE must be able to evaluate financial applications and make loans or equity investments (not something most local revitalization programs typically do). It also means that larger, institutional investors are more likely to invest in CDEs, rather than smaller banks or companies.

The federal program will be administered by the Treasury's Community Development Financial Institutions (CDFI) Fund and the Internal Revenue Service (IRS). Tax credits will be allocated over a seven-year period. The last credits are authorized to be given out in 2007, but recipients have five years in which to make investments supported by those credits. The program expires in 2012.

The CDFI will allocate tax credits to qualified “Community Development Entities” (CDEs). Each CDE will, in turn, award tax credits to investors who invest equity in the CDE. The investors can take the credits the year the CDE puts their dollars in a qualified business. To qualify for the New Markets Tax Credit program, a CDE must work with businesses in a “low-income community,” which is a census tract with a 20 percent poverty rate. A census tract in a community outside a metropolitan area can also be considered “low-income” if its median household income is 80 percent or less of the statewide median household income.

For further information see:

http://www.nationaltrust.org/community_partners/nthp_new_markets_tax_credits_faq.pdf

5. Federal Historic Preservation Tax Incentives (from National Park Service website)

“The Federal Historic Preservation Tax Incentives program is one of the Federal government’s most successful and cost-effective community revitalization programs. The Preservation Tax Incentives reward private investment in rehabilitating historic properties such as offices, rental housing, and retail stores.

Since 1976, the National Park Service has administered the program in partnership with the Internal Revenue Service and with State Historic Preservation Officers. The tax incentives have spurred the rehabilitation of historic structures of every period, size, style and type. They have been instrumental in preserving the historic places that give cities, towns and rural areas their special character. The tax incentives for preservation attract new private investment to the historic cores of cities and towns. They also generate jobs, enhance property values, and augment revenues for State and local governments through increased property, business and income taxes. The Preservation Tax Incentives also help create moderate and low-income housing in historic buildings. Through this program, abandoned or under used schools, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices throughout the country have been restored to life in a manner that maintains their historic character. Current tax incentives for preservation, established by the Tax Reform Act of 1986 (PL 99-514; Internal Revenue Code Section 47 [formerly Section 48(g)]) include:

- 20% tax credit for the *certified rehabilitation* of *certified historic structures*.
- 10% tax credit for the rehabilitation of *non-historic, non-residential* buildings built before 1936.

For both credits, the rehabilitation must be a *substantial* one and must involve a *depreciable* building.”

For more information, see <http://www2.cr.nps.gov/tps/tax/index.htm>

B. LOCAL HISTORIC TAX CREDITS

1. Locally Designated Historic Property Tax Credits

N. C. Statute 105-278, “Historic properties” (taxation) provides that:

“Real property designated as a historic structure or site by a local ordinance adopted pursuant to G.S. 160A_399.4 or designated as a historic landmark by a local ordinance adopted pursuant to

G.S. 160A_400.5” is eligible for a 50% local tax credit. This credit is provided as a lien on the property which never has to be paid, unless the property is substantially altered, such that it loses its local historic designation. In that case the owner must repay to local taxing authorities three years worth of tax credits previously earned.

Additional information on N. C. Statute 105-278 can be found at:

http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/BySection/Chapter_105/GS_105-278.html

2. Gaston County Grant Programs

Gaston County’s economic development grant programs are designed to encourage capital improvements which are substantial in size and which create additional economic value, especially new jobs and expansion of the commercial/industrial tax base. To date these grants have not encouraged historic preservation or renovations of older buildings for purposes other than manufacturing or warehousing in qualified industry sectors as explained on the Gaston EDC website: <http://www.gaston.org/IncentiveSum.html>

3. Proposed New Local Historic Renovation Tax Credits

To further encourage adaptive reuse of old mill buildings which do not qualify as historic structures by the Gaston County Historic Properties Commission, the project consulting team recommends that Gaston County and each municipality adopt the following additional incentives:

“To encourage adaptive reuse and renovation of older industrial buildings which are not being fully utilized, [local government name] will provide a tax incentive as follows:

- (1) The property must have been built and occupied prior to January 1, 1950.
- (2) The building must include at least 50,000 square feet of conditioned (air or heat) space.
- (3) Capital improvements to the building structure must exceed a net increase of \$1 million, exclusive of equipment, stock, movable items, or exterior improvements such as parking, landscaping and lighting.

Buildings which qualify by submitting an approved application to [local government unit] will be eligible for credits on their local property tax bill as follows:

- Year 1 - 90%
- Year 2 - 80%
- Year 3 - 70%
- Year 4 - 60%
- Year 5 – 50%”

APPENDIX B. EVALUATION SCORECARD CRITERIA

I. Construction (Construction quality, materials, general physical condition)

1. Existing shell condition – primarily walls and floors
2. Roof condition – many have holes or leaks in places
3. Environmental – any apparent problems, subject to further inspection
4. Site work – overall condition of the site
5. Ceiling heights – low ceilings are especially troublesome for reuse of old buildings for manufacturing or distribution purposes, and can limit marketability for other uses

II. Demand/Location (Location is the primary determinant of market demand. Transportation access, surrounding uses and demographics will shape the type of project that can be supported on a specific site. However, public investments can be leveraged to attract or accelerate private redevelopment.)

1. Neighborhood Catalyst Potential – Would a new use of the property stimulate further neighborhood revitalization?
2. Surrounding uses – Are they compatible or incompatible with likely new uses of the property?
3. Growth corridor – Is the property in the path of current or future growth?
4. I-85 Access – Nearness to I-85 is very valuable for transportation access
5. Public Investment in area – Has the community already invested in revitalization in the area?

III. Function (Vehicular and pedestrian access and flows on the site, as well as building efficiencies and connections.)

1. Site and Building Configuration – Well organized or a jumble?
2. Ingress / Egress – How traffic flows in and out of the property
3. Open Space – Is it open or chopped up by closely spaced columns and walls?
4. Visibility from Road – Is it visible from a main road?
5. Parking - Overall space and flow

IV. Financial (The financial feasibility of mill conversion is determined largely by the cost to purchase the structure and construct the improvements. In old mills, these costs can vary widely due to hidden liabilities as noted in Sections I and III. Interest rates and tax credits are also important factors. Revenue projections are tied directly to market potential identified in Section II)

1. Cost to convert to shell – Estimated as high or low
2. Acquisition cost – Sale price and other possible cost factors
3. Investor/Lender appeal – Ease of probable financing
4. Rent per unit estimate – High or low
5. Tax credit potential – Largely a factor of preserved historic characteristics

Other criteria could be added to such a scorecard, but the team felt that this set of 20 factors covered the majority of important elements which any potential investor or developer would consider before purchasing an existing industrial building. Having four sets of five criteria also facilitated a mathematical scoring process.

APPENDIX C. DETAILED REPORTS ON THE 18 MILLS EXAMINED

Detailed reports on the 18 mills which were examined in this study, follow in alphabetical order.

Belding Hausman

357 North Main Street, Stanley NC



Comments

- On N. Main Street with direct connection to downtown.
- Has many different phases – some old.
- Some reinvestment made over the years.
- Huge facility.
- Chopped up building with inadequate parking in many small lots.

Building Information	
Owner Name	Four Wall Associates, Inc.
Address	357 N. Main Street
City	Stanley
State	NC
Zip	
Size of Building	282,200
Land Size	10.32
Land Tax Value	\$178,200
Land Improvement Value	\$520,670
Total Assessed Value	\$698,870
Former use of Building	Textiles Yarn Mfg
Age of Building	N/A
Walls	Masonry
Floors (Type and number)	Concrete
Roof	Built up tar and gravel
Ceiling Heights	12' - 20'
Bay Spacing	20'X30'
Sprinkler	100% Wet
Parking	Average
Zoning	General Business
Surrounding Uses	Mixed Commercial and Residential
Sale Price	\$1,128,800.00

Ranked No. 8 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	5.33
2	Roof condition	5.33
3	Environmental	5.33
4	Site work	3.67
5	Ceiling Heights	4.67
	Average	4.87
II	Demand/Location	Average
1	Neighborhood Catalyst	6.00
2	Surrounding uses	5.00
3	Growth corridor	2.67
4	I-85 Access	2.00
5	Public Investment in area	2.00
	Average	3.53
III	Function	Average
1	Site and bldg configuration	3.67
2	Ingress / Egress	3.67
3	Open space (Walls Columns)	5.33
4	Visibility	5.00
5	Parking (Space and flow)	3.33
	Average	4.20
IV	Financial	Average
1	Cost to convert to shell	4.67
2	Acquisition cost	6.67
3	Investor/Lender appeal	4.33
4	Rent per unit estimate	5.00
5	Tax credit potential	6.67
	Average	5.47
Overall Average		4.52

Belmont Hosiery

608 South Main Street, Belmont NC



Comments

- “Modern” style building, attractively located in a Belmont residential area
- Already listed on the National Register of Historic Places for optimal tax benefits
- Has been gutted inside in anticipation of being developed as multifamily property
- Planned development did not

Building Information	
Owner Name	Titus Green
Address	608 South Main Street
City	Belmont
State	NC
Zip	
Size of Building	104,857
Land Size	6.49
Land Tax Value	\$124,900
Land Improvement Value	\$405,940
Total Assessed Value	\$530,840
Former use of Building	Hosiery Mfg.
Age of Building	1940's
Walls	Masonry
Floors (Type and number)	Wood
Roof	Built up tar and gravel
Ceiling Heights	11'
Bay Spacing	20'X30'
Sprinkler	100% Wet
Parking	Good
Zoning	General Business
Surrounding Uses	
Sale Price	\$1,950,000

Ranked No. 1 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	7.00
2	Roof condition	5.33
3	Environmental	5.67
4	Site work	6.00
5	Ceiling Heights	5.67
	Average	5.93
II	Demand/Location	Average
1	Neighborhood Catalyst	7.00
2	Surrounding uses	7.00
3	Growth corridor	6.00
4	I-85 Access	6.00
5	Public Investment in area	6.00
	Average	6.40
III	Function	Average
1	Site and bldg configuration	5.67
2	Ingress / Egress	6.33
3	Open space (Walls Columns)	5.00
4	Visibility	4.33
5	Parking (Space and flow)	5.33
	Average	5.33
IV	Financial	Average
1	Cost to convert to shell	6.00
2	Acquisition cost	3.67
3	Investor/Lender appeal	6.33
4	Rent per unit estimate	5.33
5	Tax credit potential	8.00
	Average	5.87
Overall Average		5.88

Imperial Pharr

Hawthorne St., Belmont NC



Comments

- Adjacent to downtown Belmont and the successful Hawthorne residential development
- Distinctive brickwork could be restored and large bricked-in windows reopened to create a pleasing “historic, industrial” aesthetic

Building Information	
Owner Name	Stowe Mills, Inc. (Pharr Yarns)
Address	P. O. Box 1939
City	McAdenville
State	NC
Zip	28101
Size of Building	130,000
Land Size	
Land Tax Value	
Land Improvement Value	
Total Assessed Value	
Former use of Building	Textiles Mfg.
Age of Building	
Walls	Masonry
Floors (Type and number)	Wood
Roof	Built up tar and gravel
Ceiling Heights	12' -n 14'
Bay Spacing	20'X30'
Sprinkler	100% Wet
Parking	Poor
Zoning	GB
Surrounding Uses	Mixed residential and light commercial
Sales Price	\$780,000.00

Ranked No. 2 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	6.33
2	Roof condition	4.67
3	Environmental	4.00
4	Site work	4.33
5	Ceiling Heights	4.33
	Average	4.73
II	Demand/Location	Average
1	Neighborhood Catalyst	8.00
2	Surrounding uses	8.00
3	Growth corridor	7.00
4	I-85 Access	7.33
5	Public Investment in area	7.67
	Average	7.60
III	Function	Average
1	Site and bldg configuration	5.33
2	Ingress / Egress	5.67
3	Open space (Walls Columns)	4.33
4	Visibility	4.33
5	Parking (Space and flow)	4.67
	Average	4.87
IV	Financial	Average
1	Cost to convert to shell	5.00
2	Acquisition cost	5.67
3	Investor/Lender appeal	6.00
4	Rent per unit estimate	5.00
5	Tax credit potential	8.67
	Average	6.07
Overall Average		5.82

Lida Danalex

515 East Alabama Avenue, Bessemer City NC



Comments

- Abundant parking
- Former dye house; could have environmental issues
- Retention ponds still on site
- Ceiling heights OK
- Location is mixed with lower-income residential which might present an opportunity for community benefit

Building Information	
Owner Name	Benmar Properties
Address	515 Alabama Ave
City	Bessemer City
State	NC
Zip	28016
Size of Building	133,000
Land Size	9.73
Land Tax Value	\$116,760
Land Improvement Value	\$731,890
Total Assessed Value	\$848,650
Former use of Building	Textiles
Age of Building	1920
Walls	Masonry
Floors (Type and number)	Concrete
Roof	Built up tar gravel
Ceiling Heights	18'
Bay Spacing	30'X40'
Sprinkler	100% wet
Parking	Paved, 80 spaces
Zoning	IND
Surrounding Uses	
Sale Price	\$2,500,000

Ranked No. 10 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	5.67
2	Roof condition	5.33
3	Environmental	4.00
4	Site work	4.00
5	Ceiling Heights	7.00
	Average	5.20
II	Demand/Location	Average
1	Neighborhood Catalyst	3.67
2	Surrounding uses	4.00
3	Growth corridor	3.00
4	I-85 Access	6.33
5	Public Investment in area	2.33
	Average	3.87
III	Function	Average
1	Site and bldg configuration	4.00
2	Ingress / Egress	4.33
3	Open space (Walls Columns)	5.33
4	Visibility	3.33
5	Parking (Space and flow)	5.33
	Average	4.47
IV	Financial	Average
1	Cost to convert to shell	5.00
2	Acquisition cost	3.67
3	Investor/Lender appeal	3.67
4	Rent per unit estimate	4.00
5	Tax credit potential	2.00
	Average	3.67
Overall Average		4.30

Litchfield Fabrics

215 Bulb Avenue, Gastonia NC



Comments

- 30 acres in all, 16 usable
- Office space in front
- Adequate parking to left of building
- Close to I-85

Building Information	
Owner Name	Watson Investment Company
Address	215 Bulb Avenue
City	Gastonia
State	NC
Zip	
Size of Building	29,000
Land Size	3.13
Land Tax Value	\$64,080
Land Improvement Value	\$382,220
Total Assessed Value	\$446,300
Former use of Building	Textiles
Age of Building	1963
Walls	Masonry
Floors (Type and number)	Concrete
Roof	Built up tar and gravel
Ceiling Heights	17'
Bay Spacing	20'X30'
Sprinkler	100% Wet
Parking	Paved
Zoning	IND
Surrounding Uses	Industrial
Sales Price	For lease

Ranked No. 12 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	5.33
2	Roof condition	5.00
3	Environmental	5.33
4	Site work	5.00
5	Ceiling Heights	4.00
	Average	4.93
II	Demand/Location	Average
1	Neighborhood Catalyst	3.33
2	Surrounding uses	3.67
3	Growth corridor	3.33
4	I-85 Access	8.00
5	Public Investment in area	3.00
	Average	4.27
III	Function	Average
1	Site and bldg configuration	4.33
2	Ingress / Egress	4.33
3	Open space (Walls Columns)	4.67
4	Visibility	3.67
5	Parking (Space and flow)	4.67
	Average	4.33
IV	Financial	Average
1	Cost to convert to shell	4.33
2	Acquisition cost	4.33
3	Investor/Lender appeal	3.67
4	Rent per unit estimate	3.00
5	Tax credit potential	1.67
	Average	3.40
Overall Average		4.23

Lowell Warehouse

1010 N. Main Street. Lowell NC



Comments

- Several additions
- Historic portion buried in middle
- Inadequate parking
- Multiple access points to I-85

Building Information	
Owner Name	Conrad Pogorzelski
Address	1010 N. Main Street
City	Lowell
State	NC
Zip	28098
Size of Building	343,790
Land Size	18.12
Land Tax Value	\$285,390
Land Improvement Value	\$506,960
Total Assessed Value	\$792,350
Former use of Building	Warehouse
Age of Building	1920
Walls	Masonry
Floors (Type and number)	Wood
Roof	Built up tar and gravel
Ceiling Heights	12'- 14'
Bay Spacing	20'X30'
Sprinkler	100% wet
Parking	Paved, 100 spaces
Zoning	Industrial
Surrounding Uses	Residential
Sales Price	For Lease

Ranked No. 9 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	5.67
2	Roof condition	4.67
3	Environmental	6.00
4	Site work	2.67
5	Ceiling Heights	4.33
	Average	4.67
II	Demand/Location	Average
1	Neighborhood Catalyst	3.33
2	Surrounding uses	4.00
3	Growth corridor	4.67
4	I-85 Access	8.00
5	Public Investment in area	3.33
	Average	4.67
III	Function	Average
1	Site and bldg configuration	3.00
2	Ingress / Egress	4.00
3	Open space (Walls Columns)	5.00
4	Visibility	4.00
5	Parking (Space and flow)	4.67
	Average	4.13
IV	Financial	Average
1	Cost to convert to shell	4.00
2	Acquisition cost	4.33
3	Investor/Lender appeal	4.33
4	Rent per unit estimate	4.33
5	Tax credit potential	3.67
	Average	4.13
Overall Average		4.40

Pretty Paper

900 W. Academy Street, Cherryville, NC



Comments

- Front loaded
- Well-maintained residential neighborhood
- Far from I-85

Building Information	
Owner Name	C. Pressley Properties, LLC
Address	900 West Academy St.
City	Cherryville
State	NC
Zip	28021
Size of Building	74,754
Land Size	9.44
Land Tax Value	\$92,640
Land Improvement Value	\$634,520
Total Assessed Value	\$727,160
Former use of Building	Light Mfg.
Age of Building	1957
Walls	Masonry
Floors (Type and number)	Concrete
Roof	Built up tar and gravel
Ceiling Heights	14'
Bay Spacing	30'X30' typical
Sprinkler	100% Wet
Parking	Paved, 125 spaces
Zoning	Industrial
Surrounding Uses	Mostly Industrial, some residential to the east towards town
Sale Price	\$800,000

Ranked No. 14 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	6.33
2	Roof condition	5.00
3	Environmental	7.67
4	Site work	5.67
5	Ceiling Heights	3.33
	Average	5.60
II	Demand/Location	Average
1	Neighborhood Catalyst	2.00
2	Surrounding uses	3.67
3	Growth corridor	1.67
4	I-85 Access	1.67
5	Public Investment in area	2.33
	Average	2.27
III	Function	Average
1	Site and bldg configuration	5.33
2	Ingress / Egress	6.00
3	Open space (Walls Columns)	4.33
4	Visibility	3.00
5	Parking (Space and flow)	4.67
	Average	4.67
IV	Financial	Average
1	Cost to convert to shell	5.33
2	Acquisition cost	3.00
3	Investor/Lender appeal	3.33
4	Rent per unit estimate	4.00
5	Tax credit potential	1.67
	Average	3.47
Overall Average		4.00

Reeves

201 S. 12th Street, Bessemer City, NC



Comments

- Great old building in area with fairly low market potential
- Adjacent to active rail line
- High tension power lines

Building Information	
Owner Name	Benmar Properties
Address	201 S. 12 th Street
City	Bessemer City
State	NC
Zip	28016
Size of Building	240,000
Land Size	5.17
Land Tax Value	\$129,250
Land Improvement Value	\$236,330
Total Assessed Value	\$365,580
Former use of Building	Textiles Mfg.
Age of Building	1940
Walls	Masonry
Floors (Type and number)	Wood
Roof	Built up tar and gravel
Ceiling Heights	11' - 14'
Bay Spacing	20'X30' typical
Sprinkler	100% Wet
Parking	Paved, 140 spaces
Zoning	IND
Surrounding Uses	
Sale Price	\$975,000

Ranked No. 11 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	5.00
2	Roof condition	3.67
3	Environmental	5.33
4	Site work	4.67
5	Ceiling Heights	5.33
	Average	4.80
II	Demand/Location	Average
1	Neighborhood Catalyst	6.00
2	Surrounding uses	3.33
3	Growth corridor	2.67
4	I-85 Access	3.67
5	Public Investment in area	2.33
	Average	3.60
III	Function	Average
1	Site and bldg configuration	4.33
2	Ingress / Egress	4.33
3	Open space (Walls Columns)	5.67
4	Visibility	4.33
5	Parking (Space and flow)	5.33
	Average	4.80
IV	Financial	Average
1	Cost to convert to shell	4.33
2	Acquisition cost	4.33
3	Investor/Lender appeal	3.67
4	Rent per unit estimate	3.67
5	Tax credit potential	3.67
	Average	3.93
Overall Average		4.28

R. L. Stowe Majestic

406 Catawba St., Belmont NC



Comments

- Strategic location in commercial district of East Belmont
- Building is sturdy but very plain in design
- Could be used for low-cost flex space for users not demanding high ceilings or wide column spacing

Building Information	
Owner Name	Majestic Properties
Address	406 Catawba Street
City	Belmont
State	NC
Zip	28012
Size of Building	55,000
Land Size	5.05
Land Tax Value	\$151,500
Land Improvement Value	\$334,360
Total Assessed Value	\$485,860
Former use of Building	Textiles Mfg.
Age of Building	1930
Walls	Masonry
Floors (Type and number)	Wood
Roof	Built up tar and gravel
Ceiling Heights	15'
Bay Spacing	8'X20'
Sprinkler	100% Wet
Parking	Gravel
Zoning	General Business
Surrounding Uses	Mixed residential and light commercial
Sales Price	\$650,000

Ranked No. 3 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	6.67
2	Roof condition	6.00
3	Environmental	6.00
4	Site work	5.33
5	Ceiling Heights	5.00
	Average	5.80
II	Demand/Location	Average
1	Neighborhood Catalyst	6.00
2	Surrounding uses	5.67
3	Growth corridor	5.67
4	I-85 Access	5.67
5	Public Investment in area	5.33
	Average	5.67
III	Function	Average
1	Site and bldg configuration	4.67
2	Ingress / Egress	5.67
3	Open space (Walls Columns)	3.00
4	Visibility	5.33
5	Parking (Space and flow)	5.00
	Average	4.73
IV	Financial	Average
1	Cost to convert to shell	5.67
2	Acquisition cost	5.33
3	Investor/Lender appeal	5.00
4	Rent per unit estimate	4.67
5	Tax credit potential	6.33
	Average	5.40
Overall Average		5.40

Shelby Yarns East

North Mountain Street, Cherryville, NC



Comments

- Large facility with multiple sections
- Has potential from the front, but access to parking and to loading area in back is difficult
- Close to downtown

Building Information	
Owner Name	Carl Spradley, Sr., and others
Address	North Mountain Street
City	Cherryville
State	NC
Zip	28021
Size of Building	122,721
Land Size	5.63
Land Tax Value	\$84,450
Land Improvement Value	\$357,810
Total Assessed Value	\$442,260
Former use of Building	Textiles Yarn Mfg.
Age of Building	1895
Walls	Masonry
Floors (Type and number)	Mostly concrete, some wood
Roof	Built up tar and gravel
Ceiling Heights	11'-14', Warehouse area has 20' clear
Bay Spacing	20'X20' typical
Sprinkler	100% Wet
Parking	Fair
Zoning	Industrial
Surrounding Uses	Mixed, residential and light commercial
Sales Price	For Lease

Ranked No. 18 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	5.33
2	Roof condition	4.33
3	Environmental	5.67
4	Site work	3.67
5	Ceiling Heights	3.00
	Average	4.40
II	Demand/Location	Average
1	Neighborhood Catalyst	3.33
2	Surrounding uses	4.00
3	Growth corridor	2.00
4	I-85 Access	1.00
5	Public Investment in area	1.67
	Average	2.40
III	Function	Average
1	Site and bldg configuration	3.33
2	Ingress / Egress	3.33
3	Open space (Walls Columns)	5.00
4	Visibility	3.33
5	Parking (Space and flow)	2.33
	Average	3.47
IV	Financial	Average
1	Cost to convert to shell	3.67
2	Acquisition cost	5.67
3	Investor/Lender appeal	4.00
4	Rent per unit estimate	4.00
5	Tax credit potential	4.33
	Average	4.33
	Overall Average Score	45 3.65

Shelby Yarns West

North Mountain Street, Cherryville, NC



Comments

- Historic building on corner has the charm of an old general store
- Remainder of building is fairly plain and has large interior volumes which would limit alternate uses
- Close to downtown
- Parking in rear; fairly limited
- Visual clutter of power lines

Building Information	
Owner Name	Carl Spradley, Sr., and others
Address	North Mountain Street
City	Cherryville
State	NC
Zip	28021
Size of Building	138,480
Land Size	5.95
Land Tax Value	\$116,030
Land Improvement Value	\$73,110
Total Assessed Value	\$189,140
Former use of Building	Textiles Yarn Mfg
Age of Building	1900
Walls	Masonry
Floors (Type and number)	Mostly concrete, some wood
Roof	Built up tar and gravel
Ceiling Heights	11'-14'
Bay Spacing	20'X20' typical
Sprinkler	100% Wet
Parking	Fair
Zoning	Industrial
Surrounding Uses	Mixed, residential and light commercial
Sales Price	For Lease

Ranked No. 16 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	5.67
2	Roof condition	4.67
3	Environmental	6.33
4	Site work	2.67
5	Ceiling Heights	3.00
	Average	4.47
II	Demand/Location	Average
1	Neighborhood Catalyst	3.33
2	Surrounding uses	3.67
3	Growth corridor	2.00
4	I-85 Access	1.00
5	Public Investment in area	1.67
	Average	2.33
III	Function	Average
1	Site and bldg configuration	3.00
2	Ingress / Egress	5.33
3	Open space (Walls Columns)	6.00
4	Visibility	3.33
5	Parking (Space and flow)	3.00
	Average	4.13
IV	Financial	Average
1	Cost to convert to shell	3.00
2	Acquisition cost	6.00
3	Investor/Lender appeal	3.67
4	Rent per unit estimate	4.33
5	Tax credit potential	5.33
	Average	4.47
Overall Average		4.47

Spinnaker Yarns

202 E. Church St., Dallas NC



Comments

- One block to town square
- 2 story main building
- Some flooring on 2nd floor replaced
- Has heart pine floors, roof and beams
- Large windows bricked over, could be reopened
- Inadequate electric
- Ample parking

Building Information	
Owner Name	Advantage Investment Group
Address	202 E. Church St.
City	Dallas
State	NC
Zip	28034
Size of Building	239,000
Land Size	2.44
Land Tax Value	\$36,600
Land Improvement Value	\$278,050
Total Assessed Value	\$314,650
Former use of Building	Spinning Mill
Age of Building	1900's
Walls	Masonry
Floors (Type and number)	Wood and concrete
Roof	Built up tar and gravel
Ceiling Heights	12' - 16'
Bay Spacing	8'X20'
Sprinkler	100% Wet
Parking	Poor
Zoning	Industrial
Surrounding Uses	Mixed Residential
Sales Price	\$499,000 or for lease

Ranked No. 6 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	7.00
2	Roof condition	4.67
3	Environmental	6.67
4	Site work	3.33
5	Ceiling Heights	5.33
	Average	5.40
II	Demand/Location	Average
1	Neighborhood Catalyst	4.67
2	Surrounding uses	5.00
3	Growth corridor	3.33
4	I-85 Access	5.33
5	Public Investment in area	3.00
	Average	4.27
III	Function	Average
1	Site and bldg configuration	4.67
2	Ingress / Egress	4.67
3	Open space (Walls Columns)	4.67
4	Visibility	4.33
5	Parking (Space and flow)	3.33
	Average	4.33
IV	Financial	Average
1	Cost to convert to shell	4.33
2	Acquisition cost	5.67
3	Investor/Lender appeal	4.00
4	Rent per unit estimate	5.00
5	Tax credit potential	7.00
	Average	5.20
Overall Average		4.80

Sport Pages

1230 Industrial Drive, Gastonia NC



Comments

- Contiguous buildings are occupied
- Access to I-85 severely constrained by railroad
- Vehicular access is difficult
- Declining condition; deferred maintenance
- Facility is hemmed in on both sides by other facilities in need of repair as well
- Lower ceiling heights

Building Information	
Owner Name	KRP Realty
Address	1230 Industrial Drive
City	Gastonia
State	NC
Zip	28054
Size of Building	65,300
Land Size	2.32
Land Tax Value	\$69,600
Land Improvement Value	\$833,890
Total Assessed Value	\$903,490
Former use of Building	Textiles
Age of Building	1961
Walls	Masonry
Floors (Type and number)	Concrete
Roof	Built up tar and gravel
Ceiling Heights	12'
Bay Spacing	20'X20'
Sprinkler	100% Wet
Parking	Paved, 100 spaces
Zoning	IND
Surrounding Uses	Industrial & Residential
Sales Price	\$775,000 or for lease

Ranked No. 17 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	4.67
2	Roof condition	4.00
3	Environmental	5.33
4	Site work	4.00
5	Ceiling Heights	3.00
	Average	4.20
II	Demand/Location	Average
1	Neighborhood Catalyst	3.00
2	Surrounding uses	4.67
3	Growth corridor	3.67
4	I-85 Access	6.33
5	Public Investment in area	3.00
	Average	4.13
III	Function	Average
1	Site and bldg configuration	3.33
2	Ingress / Egress	3.00
3	Open space (Walls Columns)	4.00
4	Visibility	3.33
5	Parking (Space and flow)	3.67
	Average	3.47
IV	Financial	Average
1	Cost to convert to shell	3.00
2	Acquisition cost	5.00
3	Investor/Lender appeal	3.67
4	Rent per unit estimate	3.33
5	Tax credit potential	1.67
	Average	3.33
Overall Average		3.78

Springford Knitting

2349 Plastics Drive, Gastonia, NC



Comments

- Office in front
- Backs up to The Summit (county business park)
- Near hospital
- Two stories in back
- Very deep building

Building Information	
Owner Name	Benmar Properties
Address	2349 Plastics Drive
City	Gastonia
State	NC
Zip	28054
Size of Building	142,200
Land Size	9.54
Land Tax Value	\$238,500
Land Improvement Value	\$811,630
Total Assessed Value	\$1,050,130
Former use of Building	Knitting Mill
Age of Building	1960
Walls	Masonry
Floors (Type and number)	Concrete
Roof	Built up tar and gravel
Ceiling Heights	16'
Bay Spacing	30'X30' Typical
Sprinkler	100% Wet
Parking	Paved, 158 spaces
Zoning	M1
Surrounding Uses	
Sales Price	\$2,500,000 or for lease

Ranked No. 5 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	6.67
2	Roof condition	6.33
3	Environmental	5.33
4	Site work	5.33
5	Ceiling Heights	5.00
	Average	5.73
II	Demand/Location	Average
1	Neighborhood Catalyst	4.33
2	Surrounding uses	5.33
3	Growth corridor	6.33
4	I-85 Access	7.67
5	Public Investment in area	5.67
	Average	5.87
III	Function	Average
1	Site and bldg configuration	4.33
2	Ingress / Egress	4.67
3	Open space (Walls Columns)	4.67
4	Visibility	3.67
5	Parking (Space and flow)	6.00
	Average	4.67
IV	Financial	Average
1	Cost to convert to shell	4.33
2	Acquisition cost	3.33
3	Investor/Lender appeal	3.67
4	Rent per unit estimate	3.00
5	Tax credit potential	1.67
	Average	3.20
Overall Average		4.87

Talon Zipper

500 Hovis Road, Stanley NC



Comments

- Next to school and across from church in rural neighborhood
- Adaptive reuse may create neighborhood benefits
- One mile to downtown
- Location not very visible
- Building in good condition

Building Information	
Owner Name	Coats Talon, Inc.
Address	500 Hovis Road
City	Stanley
State	NC
Zip	28164
Size of Building	134,867
Land Size	43.74
Land Tax Value	\$408,470
Land Improvement Value	\$1,060,640
Total Assessed Value	\$1,469,110
Former use of Building	Textiles Zipper Mfg.
Age of Building	1952
Walls	Masonry
Floors (Type and number)	Concrete
Roof	Built up tar and gravel
Ceiling Heights	12' - 20'
Bay Spacing	20'X30' Typical
Sprinkler	100% Wet
Parking	Paved, 245 spaces
Zoning	Industrial
Surrounding Uses	Residential and Vacant
Sales Price	\$895,000

Ranked No. 15 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	7.00
2	Roof condition	5.67
3	Environmental	5.67
4	Site work	4.67
5	Ceiling Heights	3.67
	Average	5.33
II	Demand/Location	Average
1	Neighborhood Catalyst	3.33
2	Surrounding uses	3.33
3	Growth corridor	2.00
4	I-85 Access	2.67
5	Public Investment in area	1.67
	Average	2.60
III	Function	Average
1	Site and bldg configuration	3.33
2	Ingress / Egress	3.67
3	Open space (Walls Columns)	4.67
4	Visibility	3.67
5	Parking (Space and flow)	3.67
	Average	3.80
IV	Financial	Average
1	Cost to convert to shell	4.33
2	Acquisition cost	4.00
3	Investor/Lender appeal	3.67
4	Rent per unit estimate	3.67
5	Tax credit potential	3.00
	Average	3.73
	Overall Average	3.87

Trenton Mills

618 W. Main St., Gastonia NC



Comments

- Appears to have strong potential for office use
- Location just west of Downtown Gastonia
- Large windows would be very appealing in open glass
- Interior spaces could be converted into classic loft structures
- Ample parking for office users in downtown area

Building Information	
Owner Name	Chavis Rental Corp.
Address	3751 Latrobe Dr.
City	Charlotte
State	NC
Zip	28211-1164
Size of Building	60,000
Land Size	2
Land Tax Value	
Land Improvement Value	
Total Assessed Value	
Former use of Building	Textiles
Age of Building	1900's early
Walls	Masonry
Floors (Type and number)	Wood
Roof	Built up tar and gravel
Ceiling Heights	12'
Bay Spacing	10'X15' typical
Sprinkler	100% Wet
Parking	Limited but OK
Zoning	
Surrounding Uses	
Sales Price	

Ranked No. 4 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	5.67
2	Roof condition	3.67
3	Environmental	4.67
4	Site work	4.67
5	Ceiling Heights	4.33
	Average	4.60
II	Demand/Location	Average
1	Neighborhood Catalyst	6.33
2	Surrounding uses	5.33
3	Growth corridor	4.00
4	I-85 Access	4.33
5	Public Investment in area	4.33
	Average	4.87
III	Function	Average
1	Site and bldg configuration	5.00
2	Ingress / Egress	4.33
3	Open space (Walls Columns)	5.00
4	Visibility	5.33
5	Parking (Space and flow)	4.67
	Average	4.87
IV	Financial	Average
1	Cost to convert to shell	5.67
2	Acquisition cost	4.67
3	Investor/Lender appeal	5.00
4	Rent per unit estimate	4.33
5	Tax credit potential	8.67
	Average	5.67
	Overall Average	5.00

Wales

214 Superior Stainless Road, Gastonia, NC



Comments

- Lower-income neighborhood may benefit from adaptive reuses
- Two additions
- Two stories
- Limited parking

Building Information	
Owner Name	B & H Associates
Address	214 Superior Stainless Road
City	Gastonia
State	NC
Zip	
Size of Building	81,180
Land Size	9.91
Land Tax Value	\$130,920
Land Improvement Value	\$779,740
Total Assessed Value	\$910,660
Former use of Building	Textiles
Age of Building	1927
Walls	Masonry
Floors (Type and number)	Concrete
Roof	Built up tar and gravel
Ceiling Heights	16' - 28'
Bay Spacing	20'X30' typical
Sprinkler	100% Wet
Parking	Poor
Zoning	Industrial
Surrounding Uses	
Sales Price	\$1,300,000

Ranked No. 13 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	5.33
2	Roof condition	4.67
3	Environmental	5.00
4	Site work	5.00
5	Ceiling Heights	6.67
	Average	5.33
II	Demand/Location	Average
1	Neighborhood Catalyst	5.00
2	Surrounding uses	3.67
3	Growth corridor	2.67
4	I-85 Access	3.67
5	Public Investment in area	2.67
	Average	3.53
III	Function	Average
1	Site and bldg configuration	3.67
2	Ingress / Egress	3.67
3	Open space (Walls Columns)	5.00
4	Visibility	3.33
5	Parking (Space and flow)	4.67
	Average	4.07
IV	Financial	Average
1	Cost to convert to shell	4.00
2	Acquisition cost	4.33
3	Investor/Lender appeal	4.00
4	Rent per unit estimate	3.67
5	Tax credit potential	2.67
	Average	3.73
Overall Average		4.17

Woodlawn

Catawba St., Mount Holly NC



Comments

- Attractive setting in Mt. Holly's growth corridor to the north
- Attractive old tower with architectural details
- Bricked windows could be opened up
- No truck access to rear
- Parking would be a challenge
- Site slopes down to creek across the street

Building Information	
Owner Name	Billy Ray Johnson Et Al.
Address	520 Woodlawn Ave
City	Mt. Holly
State	NC
Zip	28120
Size of Building	125,000
Land Size	4
Land Tax Value	
Land Improvement Value	
Total Assessed Value	
Former use of Building	Textiles
Age of Building	1900's early
Walls	Masonry
Floors (Type and number)	Wood
Roof	Built up tar and gravel
Ceiling Heights	13'
Bay Spacing	10'X20' typical
Sprinkler	100% Wet
Parking	Poor
Zoning	
Surrounding Uses	Residential
Sales Price	\$500,000.00

Ranked No. 7 Overall

Average Inspection Scores		
I	Construction	Average
1	Existing shell condition	5.00
2	Roof condition	3.67
3	Environmental	5.00
4	Site work	4.00
5	Ceiling Heights	5.00
	Average	4.53
II	Demand/Location	Average
1	Neighborhood Catalyst	6.33
2	Surrounding uses	5.33
3	Growth corridor	4.33
4	I-85 Access	3.67
5	Public Investment in area	2.67
	Average	4.47
III	Function	Average
1	Site and bldg configuration	5.00
2	Ingress / Egress	3.00
3	Open space (Walls Columns)	3.67
4	Visibility	5.00
5	Parking (Space and flow)	4.00
	Average	4.13
IV	Financial	Average
1	Cost to convert to shell	5.33
2	Acquisition cost	5.33
3	Investor/Lender appeal	5.33
4	Rent per unit estimate	4.00
5	Tax credit potential	7.67
	Average	5.53
Overall Average		4.67