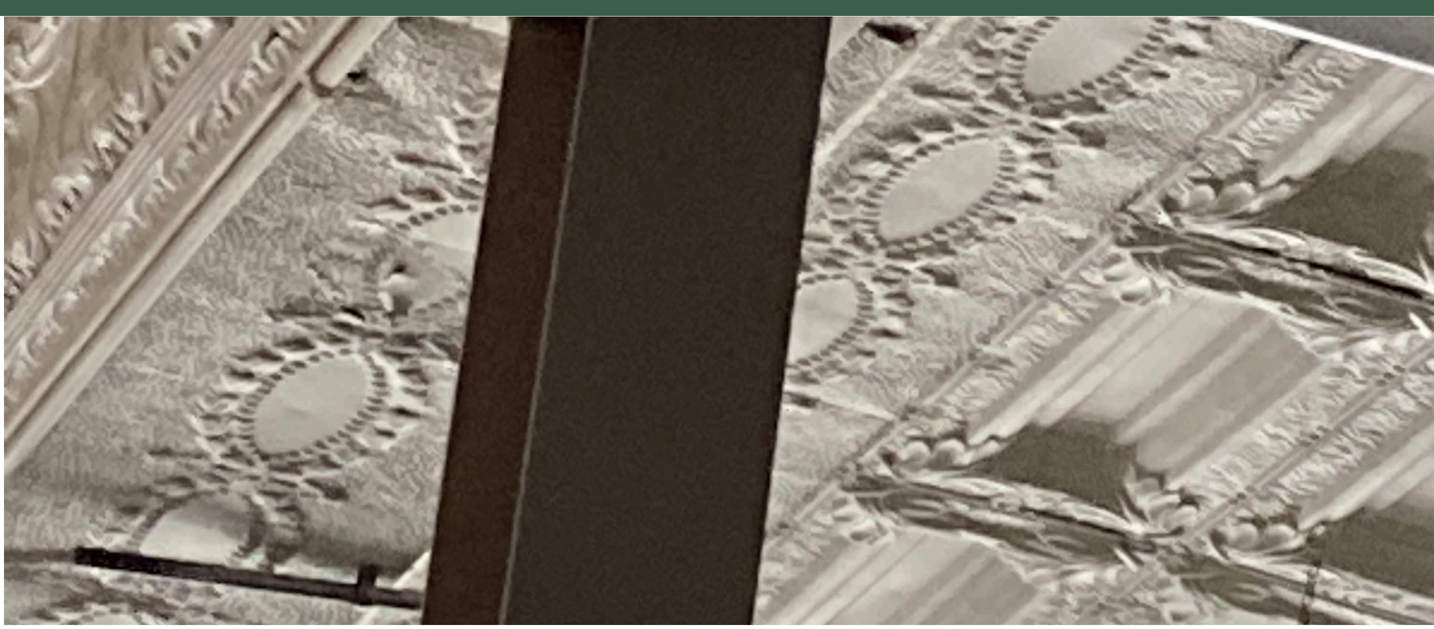
Marion Building Feasibility
249 East Main Street

June 20, 2022

HILL
STUDIO



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Chapter 1: *Introduction*

249 East Main Street
Overview of Process

INTRODUCTION

249 EAST MAIN STREET

The subject property is located at 249 East Main Street, and known locally as "Marion Flower Shop". It is a two-story, 14,080 square foot masonry commercial structure built on a .31 acre corner lot in 1908 as the Marion Hardware and Supply Company, with apartments on the upper floor. In the 1970's, the building became Francis Brothers Sporting Goods, and in 1986, Malcolm Brown Sr. purchased them, developing the west storefront into Marion Flower while using the east storefront – previously operated as a furniture store - for storage for their funeral home. The apartments and east storefront have been vacant for decades; the west storefront was most recently occupied by Robertson Hollow Florist. The entire building has now been vacant for nearly a year and is currently being marketed with little interest.

The opportunity provided is to rehabilitate and save this 100+ year old building in Marion's historic district, providing two new retail spaces and an additional 8 new apartments.

Two neighboring buildings will be studied briefly, as they relate to the proforma, funding stack and have similar conditions. Though these will be brief conceptual sketches, they will not be part of the final submittal.

OVERVIEW OF PROCESS

From the application manual, “Virginia DHCD’s Financial Feasibility Grant allows communities to work with owners of significant “white elephant” buildings or structures with non-productive upper floor space. These buildings could be (functionally) vacant and/or deteriorated properties whose poor condition creates a notion of physical and economic blight in the surrounding area, which is often a deterrent for development. This grant also allows for small-scale development by providing feasibility resources to new or beginning developers for buildings within the district. The purpose is to identify the highest and best use of such properties and develop any necessary plans or studies that will allow the owner to develop the property or allow the Main Street organization to “shop” the rehabilitation and reuse of said property to private developers and investors. Feasibility grants typically fund the development of preliminary design reports and renderings, building code and zone assessments, pro forma development and construction estimates, as well as environmental reports, market demand studies, and gap-financing research as needed for identified properties.”

Consultants began by visiting the site and measuring the existing buildings for conceptual design. This visit also included photographs and interviews with owners about issues and desired outcomes. Consultants reviewed the structures according to local zoning and the International Building Code for their potential to accommodate proposed uses. In addition, construction budgets for the property, including on-site and off-site improvements were developed. Incentives, including municipal-offered incentives and tax credits were also assessed. A proforma analysis of proposed uses and potential income strategies from these uses is also provided. Lastly, Hill Studio provides design concepts of uses in the facility, including floor plans and sketches reviewed by Marion Downtown Revitalization Association and for submittal to Virginia DHCD.


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Chapter 2:
Existing Conditions

Existing Site
Existing Building Description
Parking Study
Code and Zoning Assessment
Informal Lead and Asbestos Assessment

EXISTING CONDITIONS

EXISTING SITE

The building is located in Downtown Marion at the corner of East Main Street and North Main Street/Lee Highway marked by a star on the following maps.

It is located less than a mile from interstate 81 and is within walking distance to parks, various shopping centers, and numerous businesses and restaurants.

The property is approximately a quarter acre and provides parking space in the back.

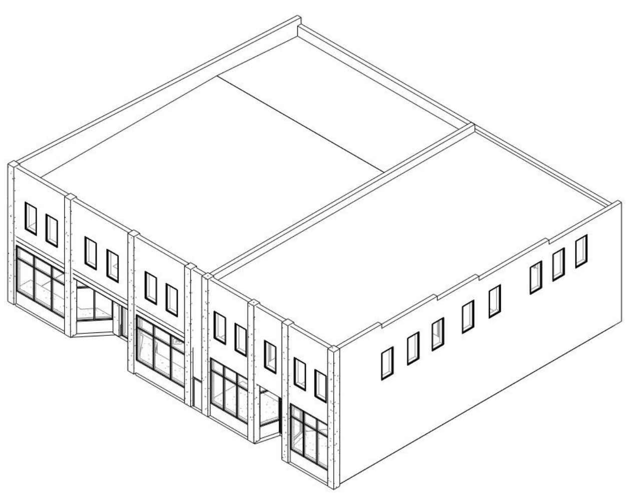
EXISTING BUILDING DESCRIPTION

The building at 249 East Main Street in Marion was originally built as two buildings. Both are two stories with load bearing exterior walls and a load-bearing party wall separating the two buildings. The buildings have a flat roof with brick parapets. The two buildings present a unified front elevation that gives the appearance of one building. The brick materials and their detailing, the windows' sizes and number of panes are coordinated with each other, and the storefronts work together architecturally.

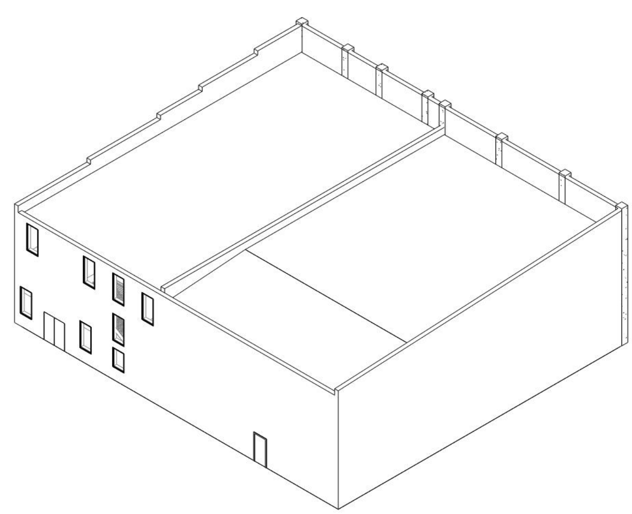
HVAC, Plumbing and Electrical systems will need to be changed to meet current building code requirements. The exterior and interior structure systems appear to be structurally sound.

There are four main areas in both buildings, one open mercantile are on both first floors and on the second floors have one mercantile area and one former office or rooming house are broken into numerous rooms. Due to the open layouts, there is quite a bit of flexibility available to reuse these spaces as the needs are identified.

As stated in the Preservation Strategy the ca. 1915 commercial building is listed as a contributing resource in the Marion Historic District Boundary Increase and is thereby eligible to participate in the state and federal historic rehabilitation tax credit programs. Compared to many historic buildings that go through the tax credit process, the defining historic characteristics of this building are in relatively good condition. While they will need repair, many of these characteristics will only need repair and not wholesale replacement in kind. The building is a great candidate for adaptive reuse into a mixed-use facility.



1 NW AXON



2 SE AXON

EXISTING CONDITIONS

PARKING STUDY

The final building plan features these square footages:

- 13 apartments
- 1,053 SF Retail Space
- 2,864 SF Restaurant space

Using the requirements provided by the zoning, the following parking needs are generated:

		Units	Criterion	No. Spaces
Apartments		13	2	26
Retail Space		1053 sf	1/250 sf	4
Restaurant		1864 sf	15/4	31
Restaurant		1000 sf	1/employee	10
Total				**71**

There are several parking lots that are in control of the Owner and the Town, and combined they serve to meet the demand for parking, as well as other nearby municipal needs.

There were 4 lots studied. They result in a total of 109 spaces, shared between the new building renovation and other downtown purposes. Parking yields are:

		Regular	ADA	No. Spaces
Owner's lot		56	6	62
On-property		9	0	9
East Main Town Parking Lot		12	2	14
East Main New Town Parking		20	4	24
Total				**109**

N MAIN STREET PARKING CONCEPT

PARKING STUDY

N MAIN STREET NEW PARKING CONCEPT

CROSS PARKING CONCEPT

EXISTING CONDITIONS

CODE AND ZONING ASSESSMENT

The zoning code was adopted March 2, 2015.

249 East Main Street is in the Commercial Downtown (C-D) Zone in Marion. This zone is one of the most flexible for business and multi-use. According to the statement of intent:
“This district comprises those commercial activities and public institutions that are primarily designed for, rely on, and cater to pedestrian patronage. As designated by the official zoning map, this district encompasses that area of the town established as the main commercial or downtown area. The intent of these regulations is to stabilize and strengthen the function of this area and result in an aesthetically pleasing environment for shopping and outdoor gathering. Further, the intent of these provisions is to instill a greater sense of community within the town by maintaining the viability of this downtown district.”

A few items to consider:
1. Side yards of 15’ are required when abutting residential districts.
2. Parking – The Economic Development Director has stated that on-site parking is not required in the Commercial Downtown district. However, parking could be interpreted in Article 16 as a recommended addition. Parking which cannot be accommodated on-site, due to size constraints, is anticipated to be provided in nearby owner-controlled lots. General categories:

- Apartments – 2 spaces per unit
- Office space – 1 space / 200 sf
- Restaurants – 1 space / each 4 seats + staff.
- Manufacturing (Brewery) – 1 space / 150 sf
- Retail – 1 space / 250 sf

Building Codes

To comply with the 2015 Virginia Construction Code, plans must be submitted for approval by June 30th, 2022. According to Section 103.2 of the Virginia Administrative Code, “Construction for which a permit application is submitted to the local building department on or after the effective date of the 2018 edition of the code shall comply with the provisions of this code, except for permit applications submitted during a one-year period beginning on the effective date of the 2018 edition of the code.” The effective date of the 2018 VA Construction Code is July 1, 2021.

According to the 2018 Virginia Construction Code, the use of the building would be defined under the guidelines of Chapter 3 Uses and Occupancy Classification. Based on the anticipated design, the building is likely to be classified as Assembly Group A-2. It is suggested that the building be sprinkled for safety, and to maximize the flexibility and potential of the existing building within the code restrictions. Based on site visits and research of the existing structure it is anticipated that the construction type will be defined as Type 3B.
It is also crucial that design changes and building alterations comply with the 2018 Virginia Existing Building Code, specifically Chapter 7 Change of Occupancy. The 2018 Virginia Existing Building Code has the same adoption date, July 1 2021, as the 2018 Virginia Construction Code.

INFORMAL LEAD AND ASBESTOS ASSESSMENT

To our knowledge a formal lead and asbestos assessment has not been performed for this building. We did receive a proposal from Commonwealth Environmental, in Lexington, Virginia to perform these studies, for a price of $2,500. It is recommended that this study proceed at the Owner's first convenience.

Without a formal study, we used best professional knowledge from similar buildings around Virginia built about the same time period with similar maintenance levels.
We used these figures as placeholders in the budget, as a reasonable average of expectation for environmental expenses, including lead and asbestos:

Item	unit	each
Flouourescants	allow	$1,000
Furniture	sf	$1.00
Asbestos (allow)	sf	$2.00
Lead (allow)	sf	$1.00
Water Damage (allow)	sf	$1.00
Mold (allow)	sf	$0.50

Chapter 3:
Proposed Development Program

Design Concepts
Final Building Program
Preservation Strategy
Development Strategy

PROPOSED DEVELOPMENT PROGRAM

DESIGN CONCEPTS

Marion Today

Marion has been the Virginia “poster child” of downtown revitalization. From “pop-ups” to new student presence downtown, to “America’s coolest downtown” the consistent creation and re-creation of business opportunity in downtown continues to build and thrive. The prime downtown location of 249 North Main Street provides an important addition to the vitality of downtown, and extends the reach of the vibrant South Main Street to this noticeable bend in the route, extending the vitality toward points north.
249 is very walkable to other eating and shopping establishments, and with its large spaces upstairs, is an ideal candidate for an historic redevelopment as a mixed-use building.

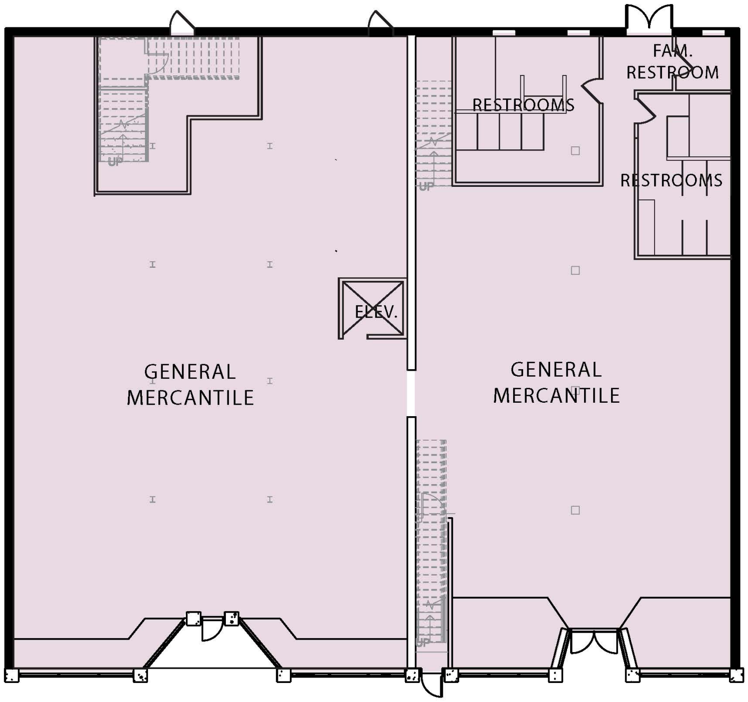
Concept

After considering several alternatives, the final concept chosen the Owner is a mixed-use building, featuring a residential component, and a restaurant-retail component.
13 small apartments are planned: 10 on the top floor and 3 on the lower floor. These apartments range in size from 517 to 686 square feet. They are all on-bedroom and arranged around the building to take advantage of the numerous windows, supplemented by skylights in some units. All apartments have use of the elevator, and the three staircases which connect to the front along the street and the rear parking area. The apartments on the north side will also take advantage of the views outside to the many scenes along Main Street. All apartments are proposed to e market-rate and geared toward Emory and Henry medical college students.
The primary use of the first floor is for merchant space, which although designed for flexibility, can be restaurant space, or craft manufacturing (like brewery or cidery) space. Apportioned in two different sizes to meet market demand, the northern side features a more boutique 1053 square foot space and the southern side features a 2864 square foot space. Both sport the original recessed grand front doors.

The southern side is the more likely candidate for a restaurant or brewery, with a very reasonable service side toward the back and rear exit.

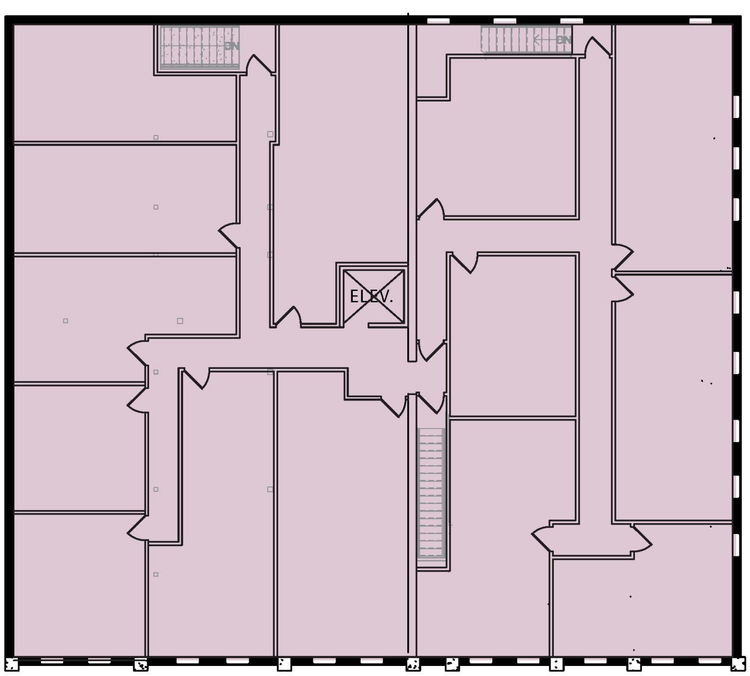
Existing floor plans, proposed floor plans and a typical apartment layout are shown on the following pages.

DESIGN CONCEPTS



1st FLOOR PLAN
GENERAL MERCANTILE

1/16" = 1'

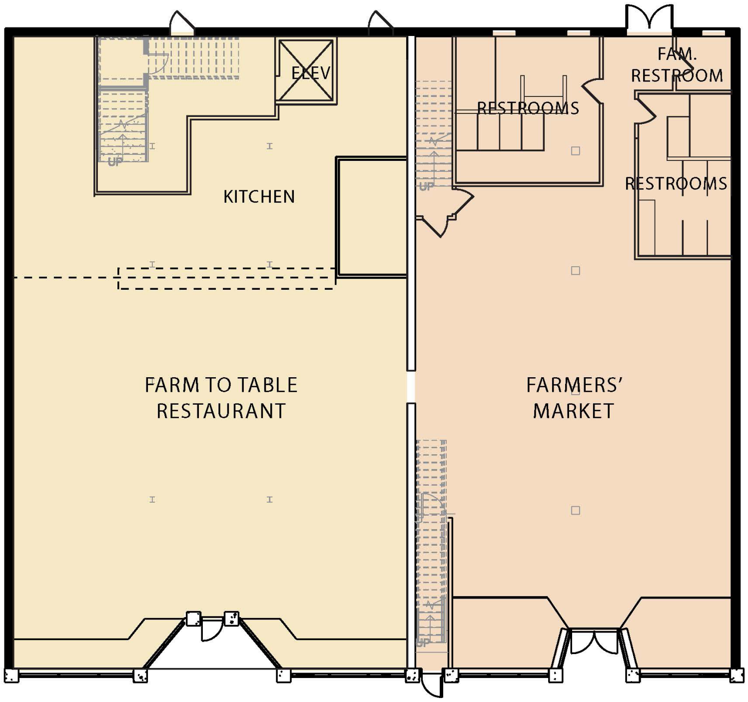


2nd FLOOR PLAN
ONE BEDROOM APARTMENTS

1/16" = 1'

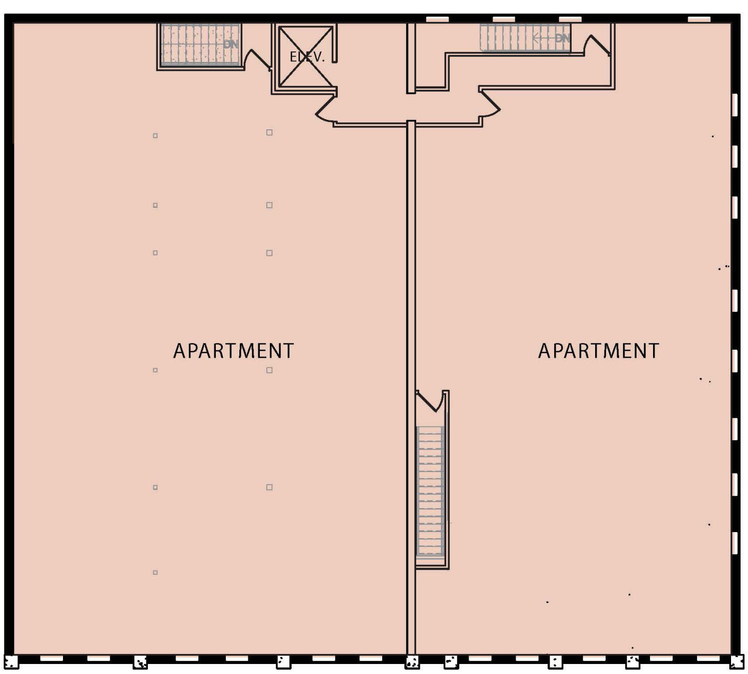
PROPOSED DEVELOPMENT PROGRAM

DESIGN CONCEPTS



1st FLOOR PLAN
RESTAURANT / FARMERS' MARKET

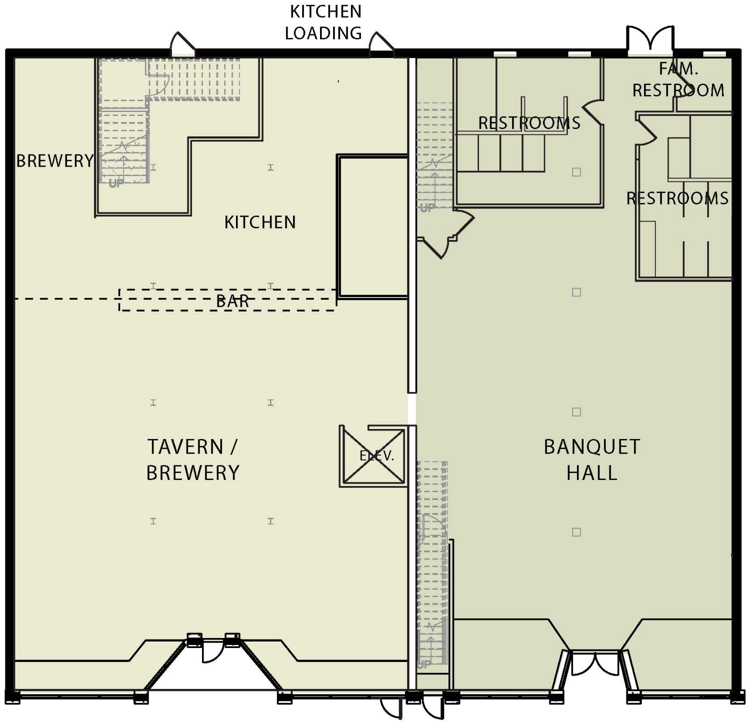
1/16" = 1'



2nd FLOOR PLAN
APARTMENTS

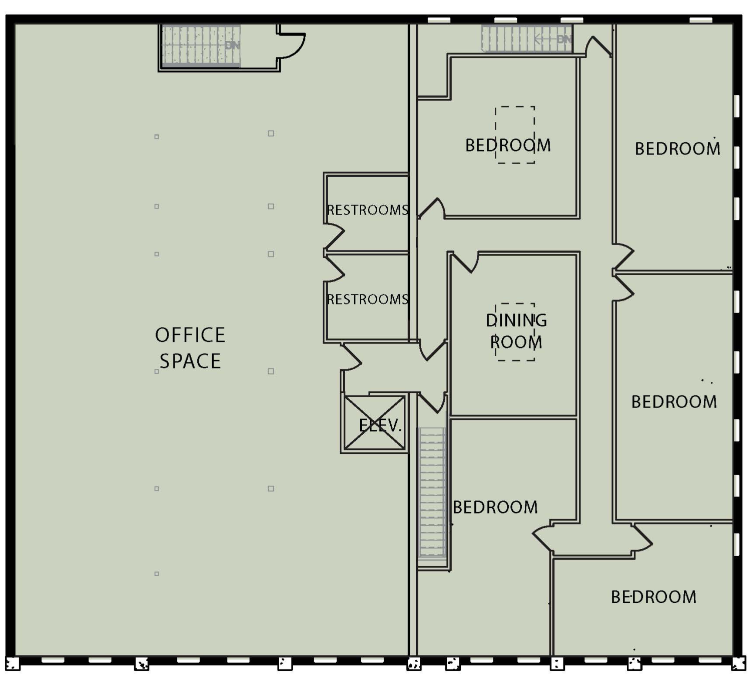
1/16" = 1'

DESIGN CONCEPTS



1st FLOOR PLAN
TAVERN / BANQUET HALL

1/16" = 1'



2nd FLOOR PLAN
OFFICES / LODGE - BOARDING HOUSE THEME

1/16" = 1'

PROPOSED DEVELOPMENT PROGRAM

FINAL BUILDING PROGRAM

13 Apartments

Size Range: 517 to 686 square feet

Each Apartment contains:
- Semi-open format kitchen-living-dining area
- One Bedroom
- Full Bath

Flex First-floor Business Space

Up to 2 businesses

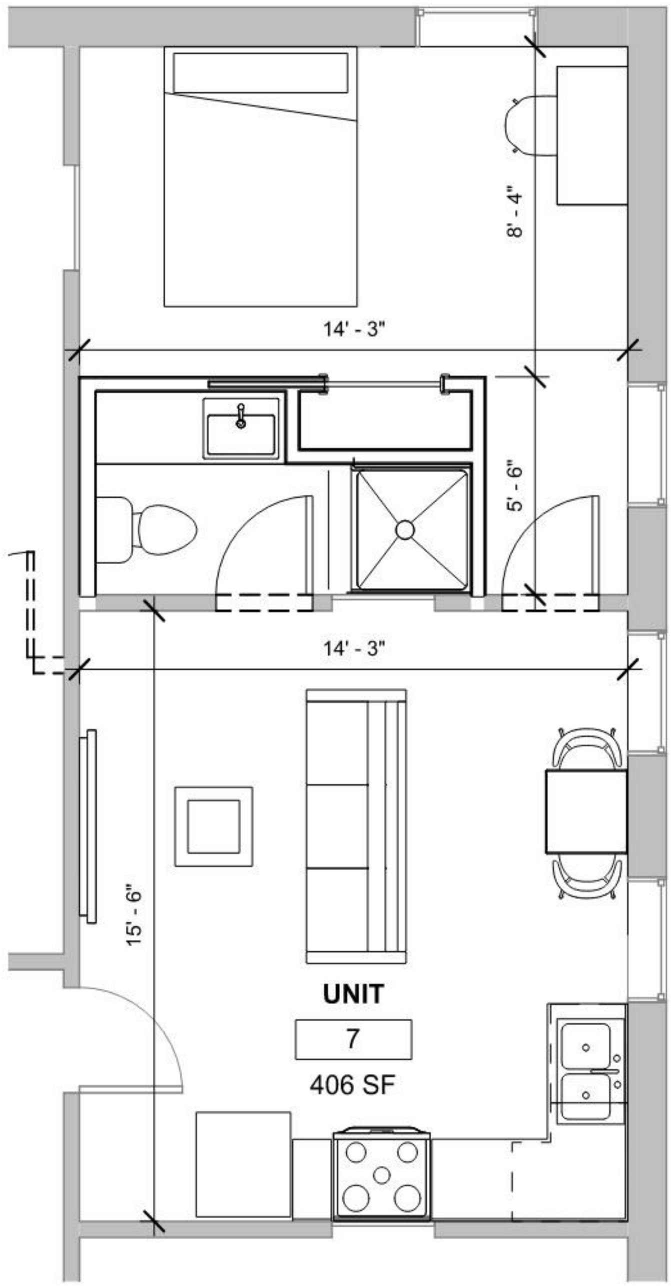
Size Range: 1053 to 3917 square feet

Optimum Business possibilities:
- Restaurant
- Gift Shop
- Indoor multi-microbusiness retail store
- Art Gallery
- Microbrewery

Circulation and Facilities

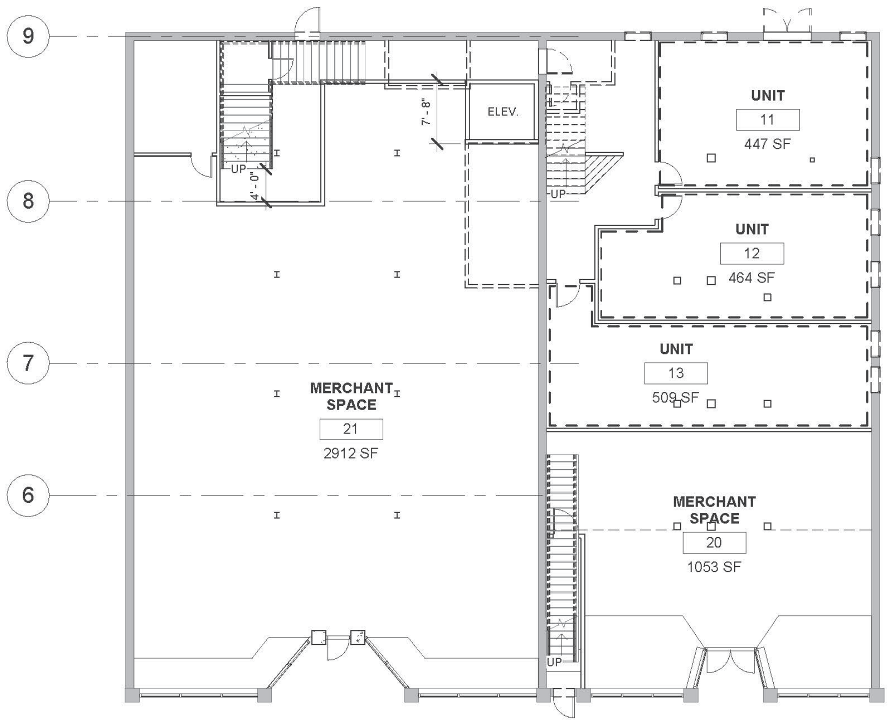
There are three existing stairways to the second floor. The new small elevator near rear (service) and closer to most of the parking. The kitchen and first floor restrooms are not yet shown on the final drawing because they can be located anywhere to accommodate tenants. The kitchen may work best in bottom left corner, due to loading right outside.

Apartment Unit Example - Unit 7

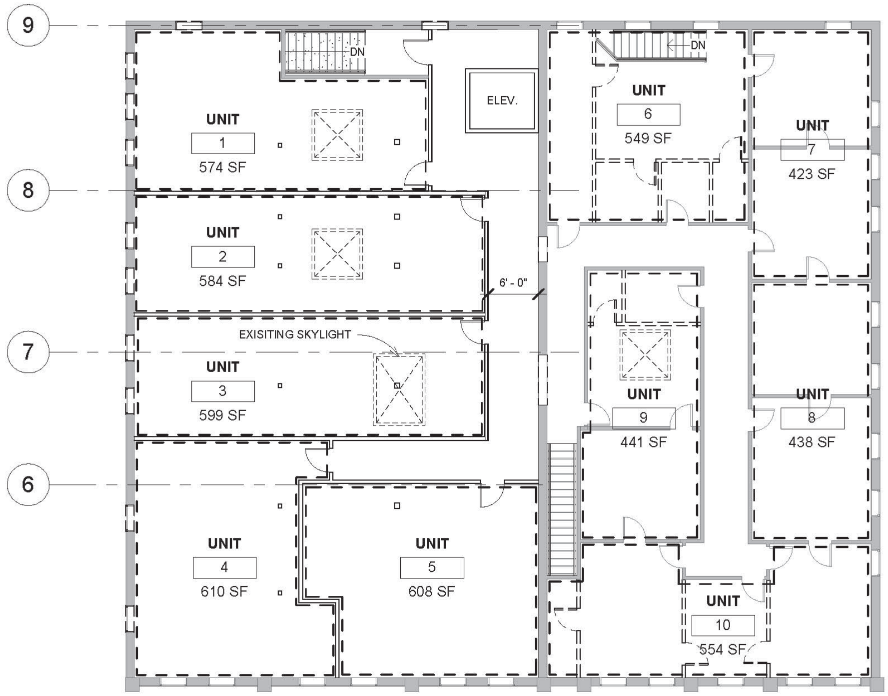


FINAL BUILDING PROGRAM

Ground Floor - 249 East Main Street



Second Floor - 249 East Main Street



PROPOSED DEVELOPMENT PROGRAM

HISTORIC PRESERVATION STRATEGY

INTRO

The ca. 1915 commercial building at 249 East Main Street (DHR ID 119-0012-0308) is listed as a contributing resource in the Marion Historic District Boundary Increase and is thereby eligible to participate in the state and federal historic rehabilitation tax credit programs. The design information included in this report assumes that historic tax credits will be part of the project financing. All planned exterior and interior work is subject to approval by the VA Department of Historic Resources (DHR) and the National Park Service (NPS). The owner is advised to seek guidance from a qualified tax attorney and/or accountant prior to pursuing the tax credits.

What Are the Credits and Who Can Use Them?

The historic rehabilitation tax credit programs provide a dollar-for-dollar reduction in tax liability for property owners who rehabilitate qualified historic buildings following the Secretary of the Interior's Standards for Rehabilitation. The federal credit equals 20% of qualified rehabilitation expenditures and the state credit equals 25%. The federal program requires that a property be income-producing while the state credits are available for both income-producing and owner-occupied buildings. For an income-producing property, the federal and state credits can be combined for a total of 45%. The federal credits are claimed beginning the year in which the project is completed and limited to 20% a year over the first five years. Unused federal credits can be carried back one year and forward twenty years. The state credits are claimed the year in which the project is completed and can be carried forward ten years. The federal program requires retention of ownership for at least five years to avoid recapture of the credits on a pro-rated basis (20%/year) while there is no such requirement for the state program following final project certification. The National Park Service (NPS) and the Virginia Department of Historic Resources (DHR), respectively, administer the federal and state tax credit programs.
In the case of a not-for-profit owner, it is possible to use the tax credits by syndicating them through a limited partnership. There are a several important issues, such as prior use of the building, that must be considered in syndicating a rehabilitation project and it is critical that the project team consult with a consultant experienced in the syndication of tax credits in the initial stages of project planning.

Certified Historic Structure

To be certified as a historic structure, a building must either be listed individually on the National Register of Historic Places (NRHP) or identified as a contributing resource to a historic district that is listed on the NRHP. Additionally, for purposes of the state credits only, a building listed individually on the Virginia Landmarks Register (VLR) or determined by VDHR to be eligible for such listing is considered a certified historic structure.

HISTORIC PRESERVATION STRATEGY

PROGRAM REQUIREMENTS

To participate in the tax credit programs, a building must meet the following requirements:
1. the building must be a certified historic structure.
2. the rehabilitation must meet the substantial or material rehabilitation test; and
3. all work on both the interior and the exterior of the building must meet the Secretary of the Interior's Standards for Rehabilitation.

Qualified Rehabilitation Expenditures (QREs)

The tax credits are based on the total qualified rehabilitation expenditures (QREs) for the project. Such expenditures are defined as any costs that can be properly charged to the capital account of the building in association with a certified rehabilitation. Eligible construction costs include work on structural components of the building; new heating, plumbing and electrical systems; updating kitchens and bathrooms; most interior finishes; fire suppression systems or fire escapes; and compliance with ADA requirements. Additionally, certain soft costs – such as architectural and engineering fees, construction period interest and taxes, construction management costs, and reasonable developer fees – are also eligible. Costs that are not included in the basis for the tax credits include those expenditures associated with acquisition, additions, or site work as well as the syndication of the credits. The costs of repairs to historic site features, however, may be eligible for the state credits.

Substantial or Material Rehabilitation Test

The substantial or material rehabilitation test determines the minimal threshold of spending required to participate in the program. The IRS defines "substantial" rehabilitation as equal to at least 100% of the owner's adjusted gross basis in the building (purchase price - value of land - depreciation + improvements) or $5,000, whichever is greater. The Commonwealth of Virginia defines "material" rehabilitation as equal to 50% (for income-producing properties) or 25% (for owner-occupied buildings) of the assessed value of the building (only, excludes land value) for the year prior to the start of work. The measuring period for QREs to count towards meeting this test is a consecutive 24-month period ending sometime in the year in which the project is completed, and the credits are to be claimed. If a project is to be phased, a phasing plan must be submitted prior to the start of work and the measuring period will be extended to a consecutive 60-month period. Once the substantial or material rehabilitation test is met, all QREs are calculated as the basis for the credits, regardless of whether they were incurred during the measuring period. Provided the substantial or material rehabilitation test is met within the measuring period, there are no other requirements regarding the length of time a project takes to complete. However, it is important for the majority of the QREs to be incurred within the last 24 months (or 60 months for a phased project) to meet the substantial or material rehabilitation test. It is recommended that a project be submitted as a phased project to provide greater flexibility if the owner is not confident it can be completed within 24 months.

PROPOSED DEVELOPMENT PROGRAM

HISTORIC PRESERVATION STRATEGY

The Secretary of the Interior's Standards for Rehabilitation

All work on a project – including the exterior, interior, site and new construction – must comply with the Secretary of the Interior's Standards for Rehabilitation (Standards) in order to be Considered a "certified historic rehabilitation" that qualifies for the tax credits. If a portion of the project does not meet the Standards, then the entire project will not qualify for the tax credits. The NPS defines rehabilitation of a building as "the act or process of making a compatible use for a property through repair, alterations, and additions while preserving those portions or features which convey its historical, cultural, or architectural values." These Standards, which are accepted nationally as "best practices," are intended to be reasonable and consider economic and technical feasibility. In general, it is important to first understand the architectural significance and historic character of a property and identify the building components, features and materials that convey that significance. This is followed by a rehabilitation plan that retains, repairs (or replaces in kind when missing or deteriorated beyond repair) the building components, features, and materials identified as significant in order to preserve the historic character of the property. Projects are reviewed by DHR and NPS staff on a case-by-case basis for compliance with the Standards."

THE SECRETARY OF THE INTERIOR'S STANDARDS TREATMENT OF HISTORICS BUILDINGS

1. **A property will be used as it was historically or be given a new use that requires minimal change to its distinctive materials, features, spaces, and spatial relationships.**
2. **The historic character of a property will be retained and preserved. The removal of distinctive materials or alteration of features, spaces, and spatial relationships that characterize a property will be avoided.**
3. **Each property will be recognized as a physical record of its time, place, and use. Changes that create a false sense of historical development, such as adding conjectural features or elements from other historic properties, will not be undertaken.**
4. **Changes to a property that have acquired historic significance in their own right will be retained and preserved.**
5. **Distinctive materials, features, finishes, and construction techniques or examples of craftsmanship that characterize a property will be preserved.**
6. **Deteriorated historic features will be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature will match the old in design, color, texture, and, where possible, materials. Replacement of missing features will be substantiated by documentary and physical evidence.**
7. **Chemical or physical treatments, if appropriate, will be undertaken using the gentlest means possible. Treatments that cause damage to historic materials will not be used.**
8. **Archeological resources will be protected and preserved in place. If such resources must be disturbed, mitigation measures will be undertaken.**
9. **New additions, exterior alterations, or related new construction will not destroy historic materials, features, and spatial relationships that characterize the property. The new work will be differentiated from the old and will be compatible with the historic materials, features, size, scale and proportion, and massing to protect the integrity of the property and its environment.**
10. **New additions and adjacent or related new construction will be undertaken in such a manner that, if removed in the future, the essential form and integrity of the historic property and its environment would be unimpaired.**

HISTORIC PRESERVATION STRATEGY

Application Process

The three-step application process for the historic rehabilitation tax credit program involves the submission of the Historic Preservation Certification Application (HPCA). HPCA Part 1 verifies that the property is eligible for the tax credits by proving that it is either individually listed or a contributing structure in a historic district listed on the National Register of Historic Places. HPCA Part 2 describes the existing conditions of the property and the proposed work. Photographs showing pre-rehabilitation conditions and drawings accompany this application. Part 2 should be submitted prior to the construction document stage so that changes can be made based on DHR and NPS review. HPCA Part 3 is submitted at the completion of construction with photographs and a cost certification that outlines the eligible and ineligible costs.

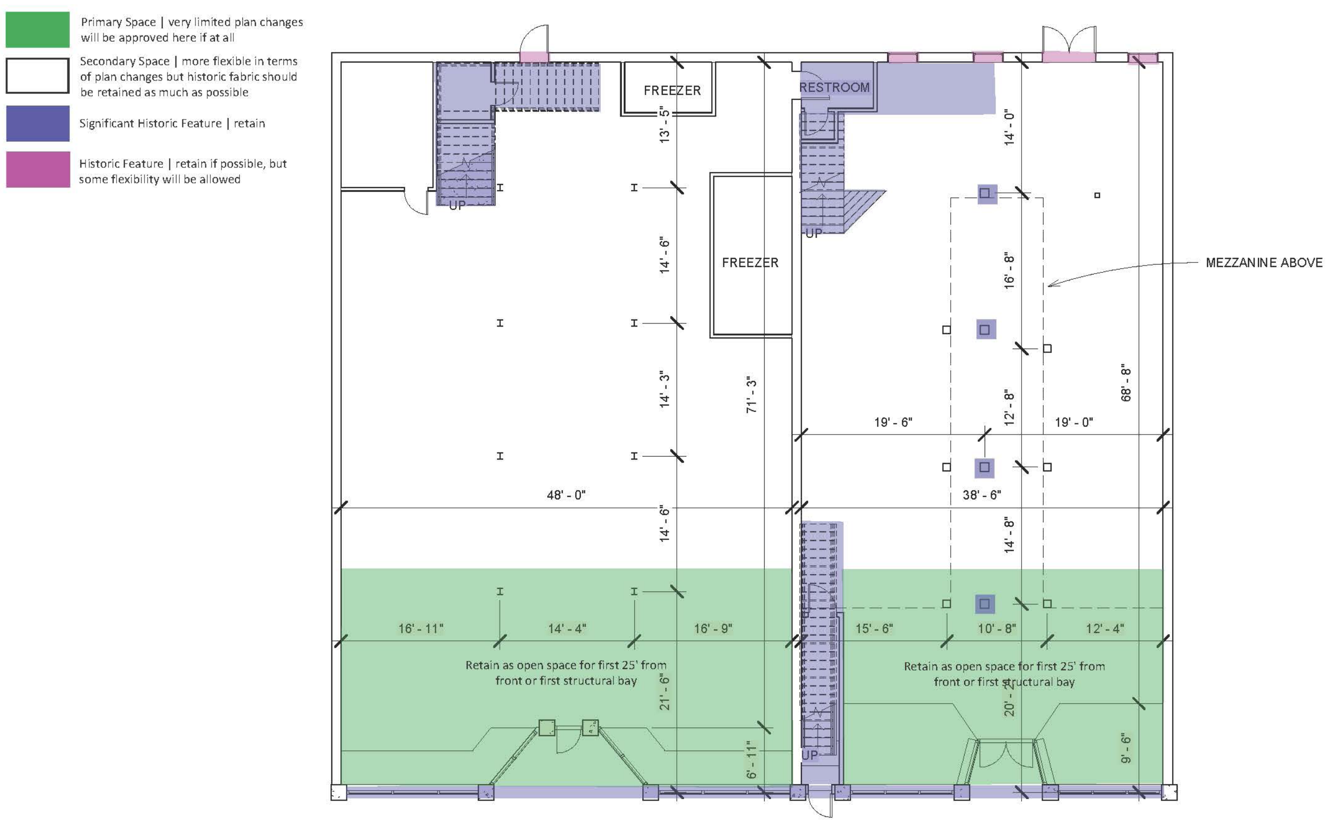
For more information please visit: https://www.dhr.virginia.gov/tax-credits/

Analysis of Character-Defining Spaces and Features

Character-defining elements refer to all visual aspects and physical features that make up the appearance of a historic building, such as its overall shape, materials, craftsmanship, decorative details, interior spaces and features, and various aspects of its site and environment. Historic spaces may be evaluated on a continuum as primary (important in defining the character of the building and should be retained or minimally altered) or secondary (less critical in contributing to the character of the building and may be able to undergo greater alteration). This analysis is for guidance only and does not a guarantee that DHR or NPS tax credit reviewers will have the same interpretation of character-defining features or hierarchy of spaces.

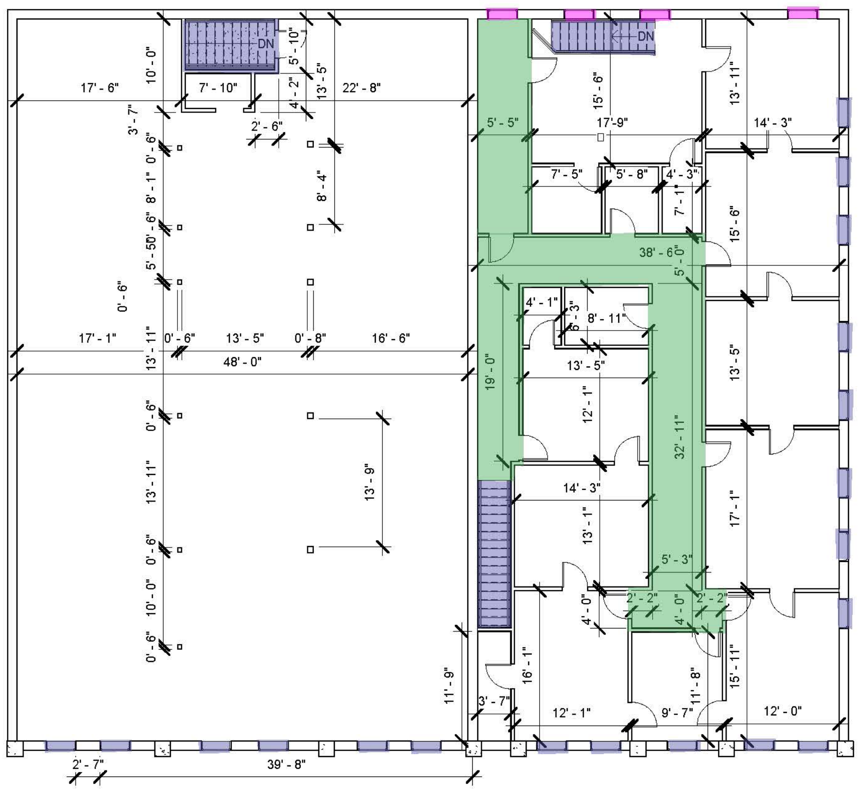
PROPOSED DEVELOPMENT PROGRAM

HISTORIC PRESERVATION STRATEGY



HISTORIC PRESERVATION STRATEGY

- Primary Space | very limited plan changes will be approved here if at all
- Secondary Space | more flexible in terms of plan changes but historic fabric should be retained as much as possible
- Significant Historic Feature | retain
- Historic Feature | retain if possible, but some flexibility will be allowed



PROPOSED DEVELOPMENT PROGRAM

HISTORIC PRESERVATION STRATEGY

Character-defining exterior elements of the building include:

- Rectangular, two-story form
- Flat roof
- Brick parapet
- American-bond brick walls
- Brick pilasters
- Brick corbeling at roofline and between floors
- West Storefront Configuration: recessed single-leaf entrance, brick bulkheads, display windows, and transoms
- East Storefront Configuration: recessed double-leaf entrance with half-light wood doors, bulkheads, display windows, and transoms
- Upper floor entrance with transom on front elevation
- Second-story window openings and concrete sills on front and side elevations
- Rectangular and segmental arch window openings with rowlock brick sills on rear elevation
- 1/1 double-hung sash wood windows
- Segmental arch door openings and paneled double-leaf wood door on rear elevation

Character-defining interior elements include:

- First-Floor Plan: two open commercial spaces
- West Second-Floor Plan: open storage space
- East Second-Floor Plan: corridor and associated door openings to rooms
- Stairs and balustrades
- Wood floors
- Plaster walls
- Pressed tin ceilings
- Plaster ceilings
- Historic ceiling heights
- Exposed columns in commercial spaces
- Millwork including door trim, window trim, baseboards
- 5-panel doors with transoms

When evaluating character-defining features it is important to note that their historic significance is tied to the period of significance stated in the National Register nomination for the historic district in which the building is located. The period of significance for the Marion Historic District Boundary Increase is 1855 to 1958. That means any alterations and finishes that date before 1959 have achieved historic significance.

HISTORIC PRESERVATION STRATEGY

Recommended Approach

Features and Finishes: Historic character-defining materials, features, and finishes should be retained and repaired where possible. If the level of deterioration of a feature or finish requires replacement, conditions should be well documented and the feature or finish replaced in-kind, matching the old in design, color, texture, and materials where possible. Where a historic feature or finish is missing, its replacement should be substantiated by physical or documentary evidence, such as a historic photograph or drawing. Where no physical or documentary evidence exists, the replacement should be contemporary and compatible with the character of the historic building. Interior exposed brick walls and exposed ceilings will need to be restored to a finished condition wherever there is evidence these surfaces originally had a plaster finish.

Plan: The historic floor plan of 249 East Main Street is substantially intact with limited alterations. Primary spaces like the first structural bay of the open commercial spaces, stairs, and second-floor corridor should be preserved in their existing configurations to the greatest extent possible. Secondary spaces that may be able to accept greater intervention include the back sections of the commercial spaces, the storage area on the west side of the second floor, and the rooms behind corridor walls on the east side of the second floor, which may be sensitively grouped if general corridor configuration and arrangement of doors remains intact.

Systems: Mechanical, electrical, and plumbing systems can be upgraded as part of a rehabilitation project. Generally, systems should be concealed in new walls or in limited bulkheads and soffits in historically finished buildings like 249 East Main Street. Exceptions include spaces that have significant ceiling finishes that would be negatively impacted by the introduction of soffits and bulkheads to conceal systems. The pressed tin ceilings in the commercial spaces are considered significant ceiling finishes, therefore exposed systems would be allowed in these spaces. Exposed systems would need to be painted to match the ceiling to minimize visual impact. Discuss systems design with DHR and NPS during the project planning stage to confirm an acceptable approach.


Downtown
Storage Units
Rent Now
276-780-3561

Chapter 4:
Pro Forma

Project Sources and Uses Proposed
Available Incentives

PROFORMA

AVAILABLE INCENTIVES

Marion Downtown Incentives
This package of incentives includes joint efforts for parking, and refund of certain real investments to the property. Shown in the proforma:

1. Environmental reports, environmental mediation	up to $15,000
2. Rouse properties parking lot implementation	$260,700
3. Marion properties small parking lot implementation	$69,400
4. Refund of Permits cost	$16,041
5. Comprehensive Plan review cost refund	$9,625
Total	$370,766

Federal and State Historic Tax Credits
The Federal investment Tax Credit for Historic Rehab currently provides a 20% project cost tax credit, which flows to the investors, and Virginia provides a 25% tax credit.

Available Federal Credit	$834,506
Available Virginia Tax Credit	$1,043,132

Many investors cannot use the amount of the state tax credit against their Virginia personal taxes. A complex system has been created to “sell” all the tax credits to third-party investors, who can use the credits, and return money to help lower the debt service.

Expected return from syndicated Federal Credits	$592,499
Expected return from syndicated State Credits	$782,349

VHDA Blended Interest Rate
Virginia Housing (VHDA) provides a number of low interest financing tools to meet is statewide objectives of quality housing for all. For this project, a blended rate of 4.5% and 1.9% can be sought, for having 20% of the apartments meet lower rent objectives. The extended loan period of 35 years also helps lower debt service.

DHCD Early Planning and Due Diligence
An interest-free advance from DHCD allows developers to gain up-front resources to plan and begin design of the project before loan interest begins.

Opportunity Zones
The project is located in a Federally-designated Opportunity Zone, managed by Virginia DHCD. This provides an incentive for investors to invest in the project from capital gains that they have received from other investments, and depending on when the money is re-paid, completely or partially tax-free upon withdrawal. Although allowed for real estate and affordable housing, the way funds are invested may be especially helpful to the business recruited for the downstairs.

AVAILABLE INCENTIVES

DHCD IRF Loan
Currently, with a high influx of Federal dollars, Virginia DHCD will fund two rounds of planning and construction projects through their Industrial Revitalization fund (IRF) program. The first round will be accepting applications later Summer 2022. The planning allocation can range up to $100,000 for initial planning survey, environmental, concept design, and many of the items covered in a study similar to this. Since the current project covered some of these items, planning resources could be sought to complete some of the initial due diligence studies. After study, a second round of up to $1,000,000 can be allocated for a low interest loan. This is a competitive program, but the positioning of 249 East Main may make it a good candidate.

New Market Tax Credit

A similar system of Federal new market tax credits is in place to help lower the overall cost of delivering quality development that meets certain federal goals. The tax credits are issued to Community Development Financial Institutions, who sell the credits to investors. According to the US Treasury Department website, the New Market Tax Credit (NMTC)Program attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs). The credit totals 39% of the original investment amount and is claimed over a period of seven years.

Community development entities are intermediaries that make loans or investments. They apply to the Treasury Department's Community Development Financial Institutions (CDFI) Fund to receive tax credit authority. CDEs sell these tax credits to investors and use the funds to make debt or equity investments in entities located in qualified low-income communities. CDEs are encouraged to make deals and offer preferential rates and terms. CDEs frequently leverage the NMTC by using other public subsidies and private-sector funds to invest in projects.

In qualifying tracts, new market tax credits are available in Virginia through several CDE offerers, such as Appalachian Community Capital, People , Inc. and Virginia Community Capital. A total of 171 CDEs exist in Virginia.

249 East Main is in a qualifying tract. Qualifying projects receive a share of the CDE's tax credit pool. Unlike historic tax credits, there is a limited pool of $5 billion available starting September 2021. National use has historically trended about $1 to 2 billion new market tax credits per year, since the program's inception in 2000.

After New Market tax credit distribution, after going through all the transactions and paperwork, the net bottom line value for a small project is about 10% of the project cost. For a project to be worth the paperwork involved in a New Market tax Credit distribution, it needs to be a minimum $4 million project.

Expected return from syndicated New Market Credits $440,423

PROFORMA

PROFORMA

ITEM/DESCRIPTION	UNIT	QUANTITY	UNIT COST	TOTAL COST	OWNER	SOURCE 1	IRF Loan	Town	NOTES	
PROPERTY CHARACTERISTICS										
249 East Main Street Marion										
Building	**sf**	**12,338**		**87,100.00**	**$87,100.00**				Equity into project:	
Land	**sf**	**23,237**		**101,100.00**	**$101,100.00**				Equity into project:	
BUILDING USES										
Basement	sf	-								
First Floor - west	sf	3,426								
First Floor - East	sf	2,743								
Renovation- First Floor East - General Mercantile Mezzanine	sf	1,272								
Second Floor - West	sf	3,426								
Second Floor - East	sf	2,743								
		13,610								
PROJECT COSTS										
BUILDING CONSTRUCTION										
ENVIRONMENTAL										
Environmental Reports	allow	1	2,805.00	2,805.00						
Flouourescants	allow	1	1,000.00	1,000.00						
Furniture	sf	0	1.00	0.00						
Asbestos (allow)	sf	13,610	2.00	27,220.00						
Lead (allow)	sf	13,610	1.00	13,610.00						
Water Damage (allow)	sf	13,610	1.00	13,610.00						
Mold (allow)	sf	13,610	0.50	6,805.00						
New Fire Department Connection	allow	1	15,000.00	15,000.00						
TOTAL ENVIRONMENTAL BUDGET				80,050.00			$65,050.00	$15,000.00	Marion Downtown Incentive	
SITEWORK - ROUSE PROPERTIES										
Renovated Parking	spaces	66	1000.00	66,000.00						
Parking Lighting	pole	14	3,500.00	49,000.00						
Curbs	lf	1300	19.00	24,700.00						
New Sidewalks	sf	3000	12.00	36,000.00						
Signage and Planting	allow	1	40,000.00	40,000.00						
On-site Green Design Stormwater	allow	1	10,000.00	10,000.00						
On-Site Utilities	allow	1	35,000.00	35,000.00						
				260,700.00				260,700.00	CDBG Grant through Downtown Marion	
SITEWORK - MARION PROPERTIES										
Renovated Parking	spaces	14	600.00	8,400.00						
Parking Lighting	pole	6	3,500.00	21,000.00						
Curbs	lf	0	19.00	0.00						
New Sidewalks	sf	0	12.00	0.00						
Signage and Planting	allow	1	25,000.00	25,000.00						
On-site Green Design Stormwater	allow	1	10,000.00	10,000.00						
On-Site Utilities	allow	1	5,000.00	5,000.00						
				69,400.00				$69,400.00	CDBG Grant through Downtown Marion	
SITEWORK - 249 NORTH MAIN										
Renovated Parking	spaces	9	600.00	5,400.00						
Parking Lighting	pole	2	3,500.00	7,000.00						
New Sidewalks	sf	100	12.00	1,200.00						
Signage and Planting	allow	1	5,000.00	5,000.00						
On-site Green Design Stormwater	allow	1	3,000.00	3,000.00						
				21,600.00			$21,600.00			
BUILDING RENOVATION										
Renovation- First Floor South - General Mercantile White Box + $40 upfit allowance	sf	3,426	190.00	650,940.00						
Renovation- First Floor North - General Mercantile White Box + $40 upfit allowance	sf	1,053	190.00	200,070.00						
Renovation - First Floor North into 1BR Apartments	sf	1,576	225.00	354,600.00						
Renovation - Second Floor West into 1BR Apartments	sf	3,426	225.00	770,850.00						
Renovation - Second Floor East into 1 BR Apartments	sf	2,743	225.00	617,175.00						
Special: Elevator	ea	1	80,000.00	80,000.00						
TOTAL BUILDING CONSTRUCTION				2,673,635.00						
Building Construction Contingency @ 20%	%age	0.2	2,673,635.00	534,727.00						
				3,208,362.00		2,408,362.00	800,000.00			
TOTAL CONSTRUCTION				3,640,112.00	-	2,408,362.00	886,650.00	$345,100.00		$3,640,112.00
SELECTED SOFT COSTS (Allowable for Tax Credits)										
Basic A&E Fees (minus early planning advance)	%age	1	0.06	218,406.72		218,406.72				
Development Fee (10%)	%age	1	0.08	291,208.96		291,208.96				
Legal	allow	1	25000	25,000.00		25,000.00				
Tax Credit Partnership Legal expenses	ls	1	35000	35,000.00		35,000.00				
Points on Financing	%age	1	0.005	12,041.81		12,041.81				
Bridge Interest During Construction (1/2 of 1 year period, 4.5%)	0.5	0.01225	3,640,112.00	44,591.37		44,591.37				
Historic Tax Credits - Historian	allow	1	20000	20,000.00		20,000.00				
Permits	%age	1	16042	16,041.81	-	$0.00		16,041.81	Town of Marion	
Comprehensive Site Plan Review	%age	1	9625	9,625.09	-	$0.00		9,625.09	Town of Marion	
Historic Tax Credits - Accounting	allow	1	10000	10,000.00		10,000.00				
TOTAL SOFT COSTS				$681,915.76	$0.00	$656,248.86				
TOTAL CONSTRUCTION AND SOFT COSTS				**4,322,027.76**						
TOTAL CAPITAL COST:				$ 4,510,227.76	$188,200.00	$ 3,064,610.86	$ 886,650.00	$370,766.90	Owner + Town Equity	$4,510,227.76
INCENTIVES										
Early Planning and Due Diligence Services	ls	1	120000	120,000.00					DHCD Early Advance Planning (interst free, loan)	
Mount Rogers PDC funds at $20,000 per apartment, for up to 5 apartments	ea	5	20000	100,000.00					Grant.	
										0
SIMPLE QUALIFYING COSTS				4,090,327.76						
FEDERAL INVESTMENT HISTORIC TAX CREDIT				$ 818,065.55						
VIRGINIA INVESTMENT HISTORIC TAX CREDIT				$ 1,022,581.94						
TOTAL HISTORIC TAX CREDITS				**$ 1,840,647.49**						
Syndicate Federal Tax Credits @ 65%				$ 531,742.61						
Syndicate Virginia Tax Credits @ 75%				$ 766,936.45						
Syndicating and selling TAX CREDITS - RETURN TO PROJECT				**$ 1,298,679.06**						
New Market Tax Credits, return to project at 10%				**$ 432,202.78**						
TOTAL AMOUNT OF PROJECT RE-FINANCED at CLOSE OF CONSTRUCTION				**2,240,379.02**		1,353,729.02	886,650.00			

PROFORMA

ITEM/DESCRIPTION	UNIT	QUANTITY	UNIT COST	TOTAL COST	OWNER	SOURCE 1	IRF Loan	Town	NOTES
OPERATING EXPENSES									
YEARS 1 - 20									
Debt Service - Years 1-20									
BANK DEBT SERVICE per YEAR (20 YEARS, 4.25%)	0.07431	1		$ 100,595.60					
IRF LOAN DEBT SERVICE, per YEAR (20 YEARS, 2.5%)	0.05468	0		$ -					Start Paying back IRF when other Debt retired
TOTAL ANNUAL DEBT SERVICE - first 20 years				**$ 100,595.60**					
SERVICES and EXPENSES									
Building Management Fee -5%	%	0.05	$ 100,595.60	$ 5,029.78					
Building Maintenance Reserve = 1800 / unit	unit	13	1,800.00	$ 23,400.00					
Historic Replacement Insurance (. 25 / 100)	yr	0.0025	$ 4,510,227.76	$ 11,275.57					
Local Real Estate Tax after first 10 years	yr	0.0034	4,510,227.76	$ 15,334.77					
Other Soft costs @5 % Rents	yr	0.05	$ 190,954.56	$ 9,547.73					
TOTAL SERVICES AND EXPENSES				**$ 64,587.85**					
TOTAL ANNUAL EXPENSES				**$ 165,183.46**					
YEARS 20 - 30									
Debt Service -Years 20-30									
IRF LOAN DEBT SERVICE, per YEAR (10 YEARS, 2.5%)	0.113119	1		$ 100,296.96					
TOTAL ANNUAL DEBT SERVICE - years 21 - 30				**$ 100,296.96**					
SERVICES									
Building Management Fee -5%	%	0.05	$ 100,296.96	$ 5,014.85					
Building Maintenance Reserve = 1800 / unit	unit	13	1,800.00	$ 23,400.00					
Historic Replacement Insurance (. 25 / 100)	yr	0.0025	$ 4,510,227.76	$ 11,275.57					
Local Real Estate Tax after first 10 years	yr	0.0034	4,510,227.76	$ 15,334.77					
Other Soft costs @5 % Rents	yr	0.05	$ 190,954.56	$ 9,547.73					
TOTAL SERVICES AND EXPENSES				**$ 64,572.92**					
TOTAL ANNUAL EXPENSES				**$ 164,869.88**					
INCOME									
STABILIZED ANNUAL INCOME									
	unit	rent/mo	rent / yr						
Rents - 80% Apartments by S.F (11 apartments) market rate	11	$ 950.00	$ 125,400.00	$ 125,400.00					
Rents - 20 % Apartments BY 80% AMI by S.F (2 apartments)	2	$ 800.00	$ 19,200.00	$ 19,200.00					MTSP at 80% = $896
Rent - First Floor South (Mercantile)	2,864	$ 1.20	$ 41,241.60	$ 41,241.60					
Rent - First Floor East (Mercantile)	1,053	$ 1.20	$ 15,163.20	$ 15,163.20					$14/sf is high compared to available strip space at $11
				$ 201,004.80					
Allow 5% for vacancies				$ 10,050.24					
Net Rent Income				**$ 190,954.56**					
NET OPERATING INCOME				$ 25,771.10					
Earnings before Taxes and Interest (EBITA)									
Debt Coverage Ratio				1.156015045					

Appendices

MARION LAUNDRY

Pendleton St (Former Car Dealership/Laundry)

This building has two distinct features that make it attractive for potential uses: one is a landscape design related to Staley Creek, which the building spans, and the other is the large interior space with the exposed bowstring trusses. There is also a separate portion to the building with a sloped floor sandwiched between the former laundry area on one side (the space with the bowstring trusses) and a leased space on the other. The illustrated recommendation rehabilitates these two spaces for very different functions. The portion with the sloped floor might be converted into four apartments (one pair each facing an exterior wall). The rear portion of the building (the former laundry) might be utilized as a microbrewery or similar gathering use to take advantage of the industrial character of the large, open interior space with outdoor areas that overlook the stream.

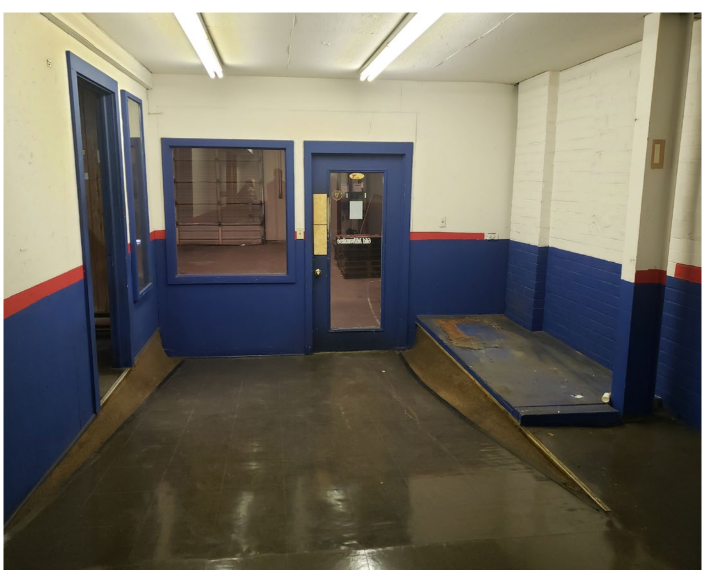
Pendleton St (Former Car Dealership/Laundry)

BEER DISTRIBUTOR

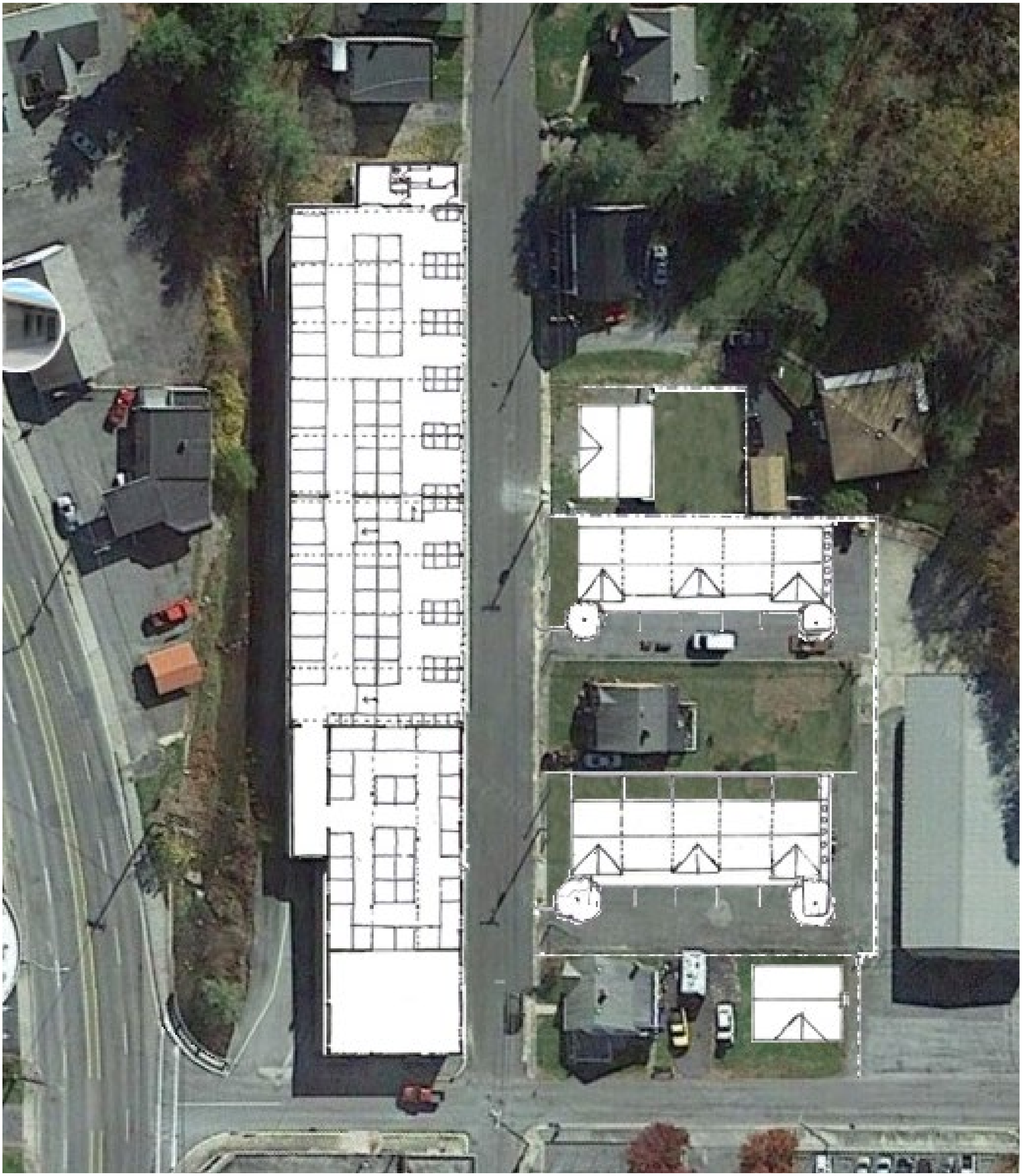
236 Pearl Ave (Former Beer Distribution Facility and Nearby Surface Parking Lots):

The distribution facility is comprised of three sections – an older brick warehouse (approx. 8,000 sf) and two connected rigid frame metal structures (approx. 18,000 sf). The overall recommendation illustrated rehabilitates the building into an indoor storage facility to meet a sizable market demand for Emory & Henry students and locals to store things. The storage units are a mix of 10’x15’ and 5’x5’ spaces. The office for the rental unit facility could be at the keg cooler location at the rear of the building. The brick portion of the building could be used for indoor storage in the warehouse portion and office/retail in the front portion where the distribution offices were located.

A good use for the surface lots is to develop them into townhouses or one- or two-story apartments (about five units per building). These parcels are on the edge of a distinctive neighborhood with an existing housing stock that is ideal for E&H students and could someday be an amazing student neighborhood. Providing apartments/townhouses scaled to the neighborhood could help encourage that potential.



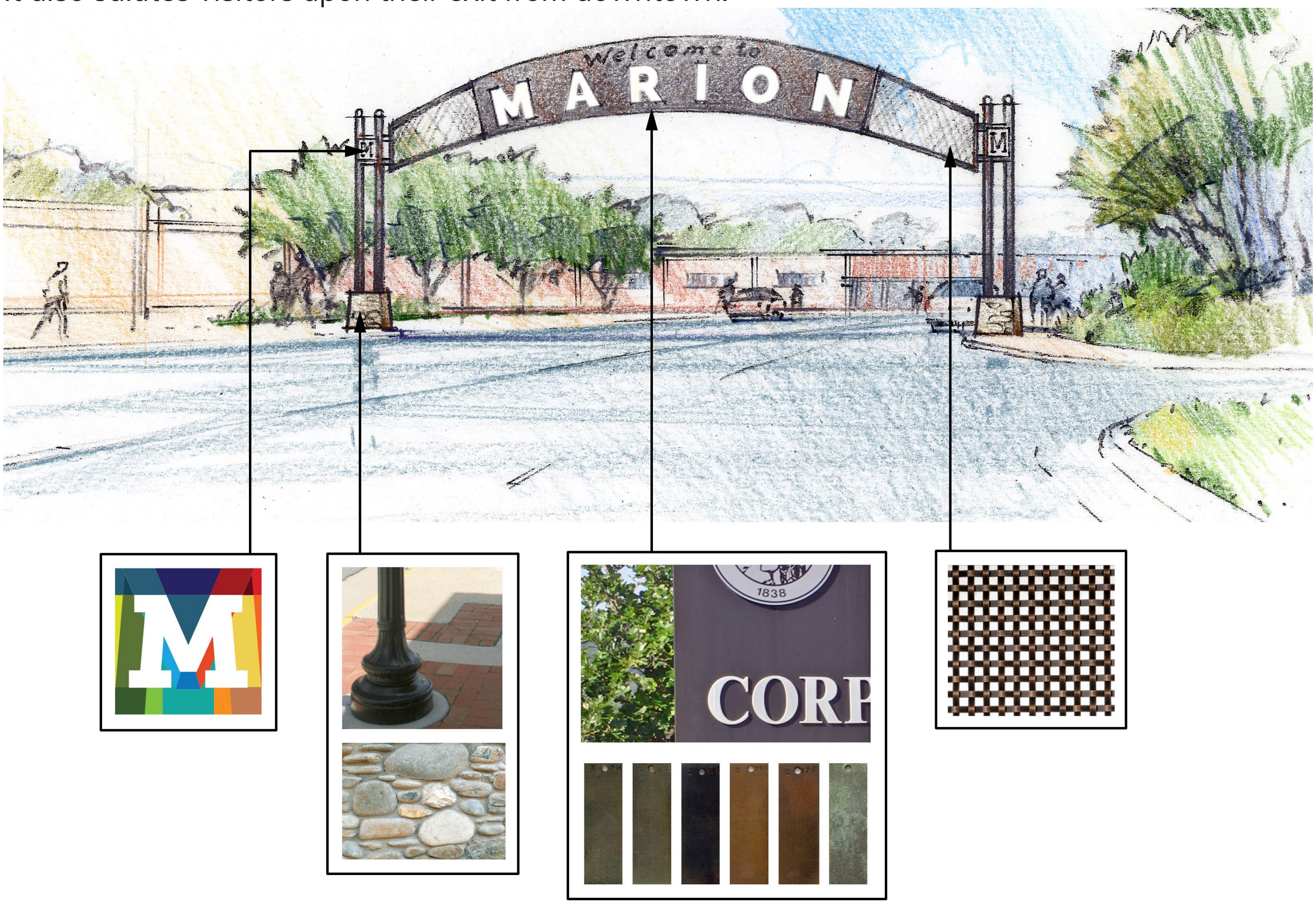
236 Pearl Ave (Former Beer Distribution Facility and Nearby Surface Parking Lots):

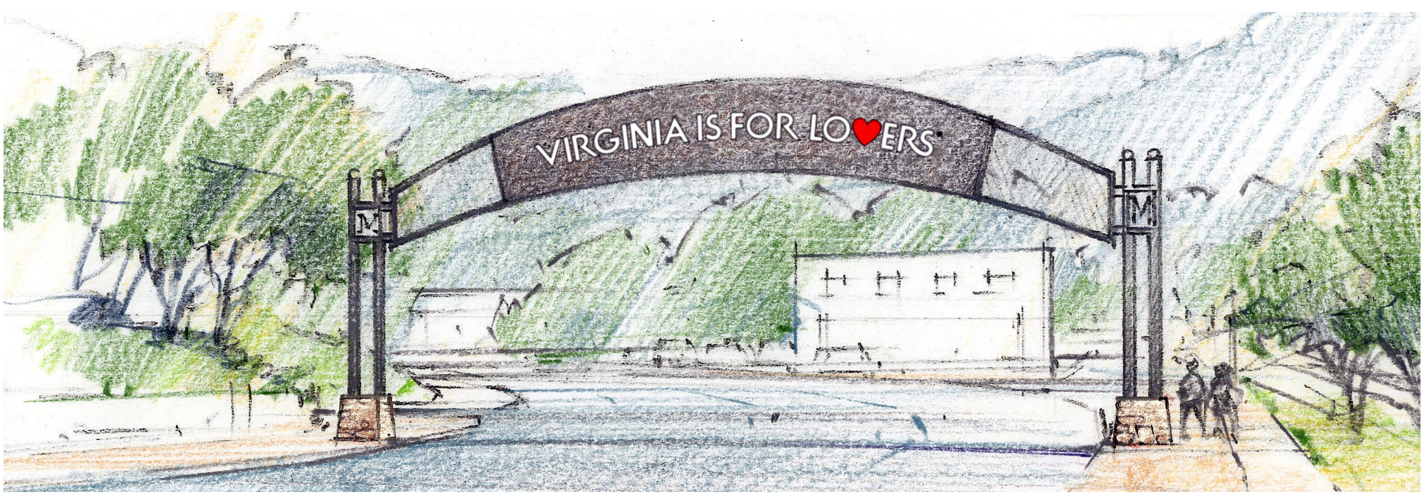


GATEWAY ARCH AND SIGNAGE

Route 16 Gateway Arch

This supplemental study consists of a matched pair of gateway signs that correspond to the 2016 Route 16 Entrance Corridor Parkway study. The Welcome to Marion sigh is updated to show the graphics of the final approved study, and a large welcome arch is proposed at the gateway to downtown at exit 45. The arch uses the branding components of the Parkway study. It also salutes visitors upon their exit from downtown.





Route 16 Gateway Arch

MARKET ANALYSIS

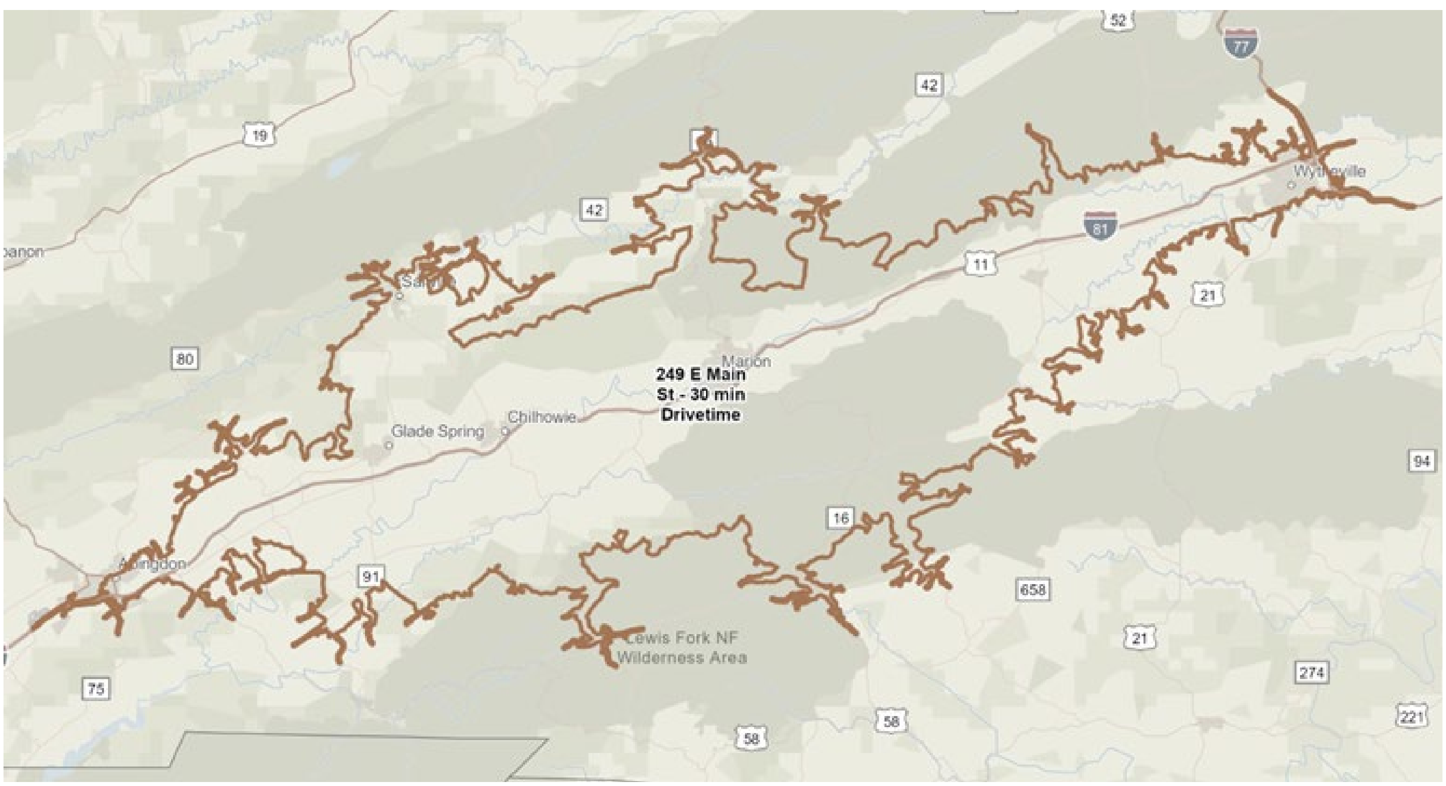
MARKET ANALYSIS

The market analysis assesses Marion's existing market base by examining local and regional demographic, employment, and retail data. This market analysis report includes the following sections with from Claritas Spotlight:

- A demographic profile outlining trends in population growth, income, age and other indicators in Marion and the surrounding region.
- An employment snapshot that presents general employment data for occupations, wages, and commuting patterns.
- A commercial market analysis identifying opportunities for business recruitment based on the local demand, as well as an examination of tourism in the county.

In order to understand Marion's market in the context of the region, multiple geographies were studied in the analysis, including:

- 30-minute drivetime area from 249 E Main St, Marion, VA 24354
    - Marion
    - Smyth County
    - Adjacent counties



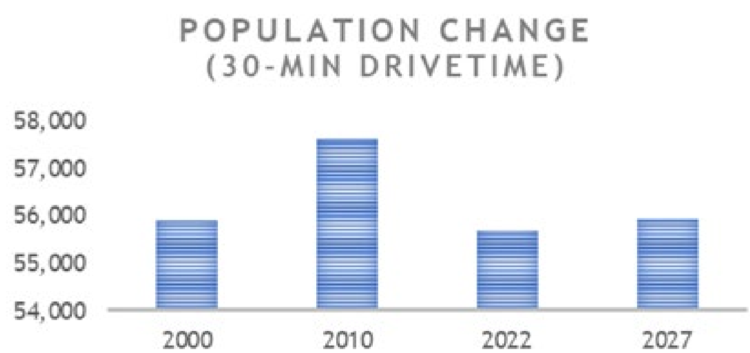
MARKET ANALYSIS

DEMOGRAPHICS

At the time of this report, the US Census has released limited data for 2021 including total population and race. Other demographic data comes from the 2019 American Community Survey (ACS) from US Census Bureau and represents a 5-year average estimate of each data point. This is the most up to date and accurate counting until more complete data is released by the Census Bureau. A demographic profile of Marion and the study area examines key indicators including population growth, race and ethnicity, age, household income, and educational attainment.

Population

The population of the study area changed from 57,617 to 55,681, resulting in a slight decline of -3.4% between 2010 and 2022. Over the next five years, it is projected to grow by 0.5%. Marion's population has also declined from 2010 by an average loss of 10 people per year. The population trends in Marion mirror population decline in counties across the region. The largest population losses in the region were in Smyth County (-7.5%) and Bland County (-8.1%). According to population projections produced by the University of Virginia's Weldon Cooper Center, population in Marion is expected to remain stable between 2020 and 2040.



Race and Ethnicity

The 2021 population of the study area is 93.2% are White, 3.4% are Black, 0.2% are American Indian, 0.7% are Asian, 1.0% are Some Other Race, and 1.6% are Two or More Races.

Age

The current year median age for this area is 46. Five years from now, the median age is projected to be 47. Population projections by age published by the Weldon Cooper Center suggest that Marion's population will age over the next two decades, with growth concentrated in the population age 65 years and older.

Income

The median household income in Marion is $37,130. Median household incomes in Marion are lower than in most of the surrounding counties in the 30-minute drive time ($48,860). However, incomes are significantly lower than the median household income in the state ($74,222).

MARKET ANALYSIS

MARKET ANALYSIS

Nearly a quarter of households in Marion earn less than $10 per hour and nearly a quarter in the study area have annual household incomes under $25,000. Approximately 14% of families in Marion live at or below the poverty line with approximately 12% of families in the study area living in poverty.

Education
Currently, it is estimated that 11.4% of the population age 25 and over in the study area have earned a have earned a Bachelor's Degree, 5.1% Master's Degree, 1.1% have earned a Doctorate Degree, and 1% have earned an Associate's or other Professional School Degree. Approximately 35.8% are high school graduates.

EMPLOYMENT

For the Town of Marion, VA and 30-minute study area, 95% of the labor force is estimated to be employed for the current year. The unemployment rate for the Town and study area in the current year are 5.5%. 50% of the population is not in the labor force in Marion while approximately 47% are under 16 in the study area.

In Marion, 25.3% hold blue collar occupations, 47.2% hold white collar occupations, and 27.6% are occupied as service & farmworkers. In the study area, 28.6% hold blue collar occupations, 49.8% hold white collar occupations, and 21.5% are occupied as service & farmworkers.

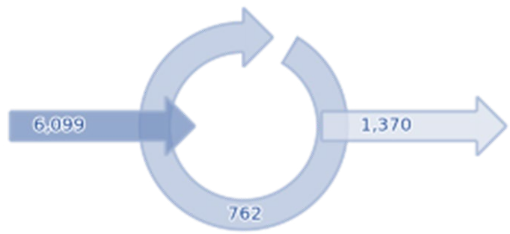
According to the most recent data, approximately 6,861 people are employed in Marion. Largest NAICS industries making more than one-third of the labor force by number of people employed include: Manufacturing (13.1% of jobs), Health Care and Social Assistance (12.4%), and Retail Trade (9.2%).

For the civilian employed population age 16 and over in the study area, it is estimated that they are employed in the following occupational categories: 10.1% are in Office and Administrative Support, 9.0% are in Sales and Related Services, 8.7% are in Production, 8.5% are in Transportation and Moving, 7.0% are in Education, 7.7% are in Healthcare Support, 6.9% are in Healthcare Practitioners and Technicians, 6.6% are in Food Preparation and Serving, 5.3% are in Management, 5.9% are in Protective Services, 4.1% are in Maintenance and Repair, 3.9% are in Business and Financial Operations, 2.9% are in Personal Care Services. 3.9% are in Building and Grounds Maintenance, 4.0% are in Construction and Extraction, 1.4% are in Community and Social Services, 1.6% are in Architecture and Engineering, 0.5% are in Life, Physical and Social Sciences, 0.4% are in Arts, Entertainment and Sports, 0.7% are in Computers and Mathematics, Training and Libraries, 0.3% are in Legal Services, 0.6% are in Farming, Fishing and Forestry.

MARKET ANALYSIS

Commuter Patterns
Marion serves as an employment center in the region, but still has a slight net export of jobs, meaning that more people commute out of the county for work than commute in. Approximately 85% drive a car alone while approximately 5.7% chose to carpool in 2019.

- 762 workers live and work in Marion
- 6,099 people commute into Marion
- 1,370 Marion resident's commute



COMMERCIAL ANALYSIS

The retail analysis provides insight into the retail patterns and markets in Marion and the surrounding area including consumer expenditures, retail sales, retail leakage or gain, and projected demand growth. Due to its location along a major interstate (Interstate 81), Marion has regional retail draw. In addition to this highway-oriented retail, Marion has several retail centers that serve local needs.

Leakage Analysis
"Retail Leakage" refers to the difference between the retail expenditures by residents living in a particular area and the retail sales produced by the stores located in the same area. If desired products are not available within that area, consumers will travel to other places or use different methods to obtain those products. Consequently, residents are purchasing more than the stores are selling, and the dollars spent outside of the area are said to be "leaking."

The retail leakage analysis was performed on Marion and a 30-Minute Drivetime Area from downtown Marion.

The retail leakage analysis confirms that Marion serves as a regional commercial draw:

- Stores in Marion sold $100.8 million in merchandise in the previous year. During the same time period, Marion residents spent $89.6 million, indicating the current demand is being met based on the sales. A majority of these sales are attributable to grocery store sales.

- The 30-minute drive time saw a similar overall trend with a majority of its sales contributable general merchandise stores and gasoline stations due to the interstate.

MARKET ANALYSIS

MARKET ANALYSIS

	TOWN OF MARION	30-MINUTE DRIVETIME
Retail Sales	$100.8 M	$1.2 B
Consumer Expenditures	$89.6 M	$941 M
Market Leakage	-$11.2 M	-$236 M

An examination of retail sales by category furthers the understanding of the retail environment in Marion. Nearly a quarter of all 2021 retail sales in Marion were from grocery stores ($22.7 M) and other large portions came from pharmacies ($15.6 M). Additional commercial sales fill out the top retail categories, including motor vehicle and parts dealers ($14 M), hotel lodging ($_), general merchandise stores ($12.1 M), restaurants ($10 M) and hotels/BnB's ($1.9 M). While there were no sales at establishments categorized specifically as drinking places, there was an annual $2.3 million regional demand and $200 thousand local demand in the town for this type of establishment which may present a unique opportunity given the building location.

Although Marion experiences an overall retail gain, the detailed breakdown of the retail leakage analysis identifies individual retail categories that have leakage. This leakage translates into existing consumer demand. While some of this demand may be accommodated within the larger region, opportunities may exist to capture a portion of the retail leakage through new or expanded retail offerings. Retail categories experiencing leakage in the county which present a market opportunity includes established drinking places, clothing stores, home improvement/building material stores, sporting goods, and motorcycle or recreational vehicle dealers.

Demand Growth

In addition to the existing demand, market opportunities include additional demand generated by projected growth. In 2021, Marion residents are estimated to have retail expenditures of $89.6 million. Retail demand in the county is projected to increase over the next five years, reaching $91.1 million in 2027. This growth in retail demand is projected across retail categories and is based on minimal population growth. Categories mentioned below are expected to have the biggest demand increases over the next five years based on market expectations. The supermarket/grocery store market is currently already being met in Marion and within a 30-minute drivetime.

MARKET ANALYSIS

Key Opportunities
Based on existing demand and projected future demand growth, key unique market opportunities are described below:

- Meet existing local demand by capturing a portion of retail leakage in key categories.

  - Home improvement/building material stores: $2.9 million retail leakage in the county and $18.3 million retail leakage in the 30-minute drivetime.

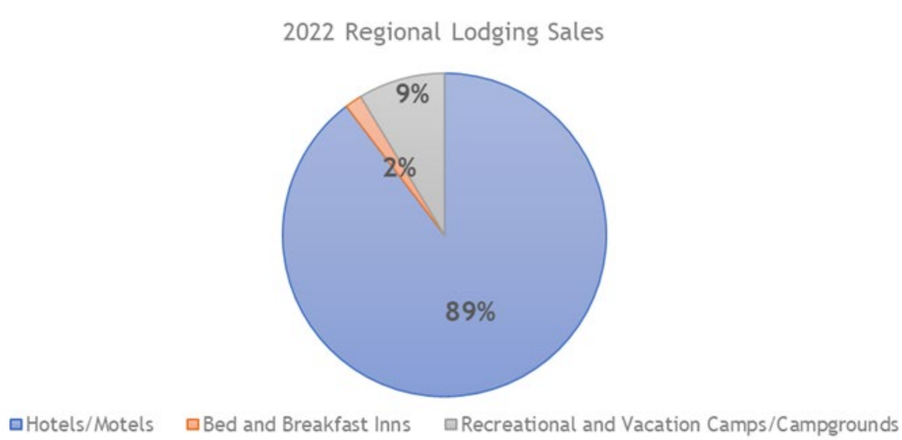
  - Recreational vehicle dealers: $834,000 retail leakage in the county and $3.9 million retail leakage in the 30-minute drivetime.

  - Sporting goods stores: $782,000 retail leakage in the county and $3.7 million retail leakage in the 30-minute drivetime.

  - Clothing stores: $534,000 retail leakage in the county and $7.1 million retail leakage in the 30-minute drivetime.

  - Drinking places: $209,000 retail leakage in the county and $2.3 million retail leakage in the 30-minute drivetime.

  - Hotels/BnB's: $1.9 million sales in 2021 in Marion with approximately $55.99 million in sales within a 30-minute drive time. This was a $1.6 million decline from 2021 due to the loss of one regional hotel. Covid-19 impacts on travel likely also factored into this slight decline. Leakage cannot be calculated for this data as the model cannot predict where visitors would have stayed if they had not stayed in the study area. This does not include Airbnb's, but rather bed and breakfast inns. There are approximately 47 hotels or motels in a 30-minute drive from 249 East Main Street and there are four in the Town of Marion. In addition, there are approximately 9 bed and breakfast inns in a 30-minute drive from the buildings, however there are none in the Town of Marion.



MARKET ANALYSIS

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• Leverage retail clusters currently meeting the existing demand which serve both the local market and the regional, highway-oriented commercial market. These include places like restaurants, gas stations, and general merchandise stores.

• Retail in Marion not only serves its local residents but has a regional draw due to its location along interstate 81. Highway-oriented retail such as gas stations, lodging, restaurants, and general stores give the county an overall retail net gain.

• Marion has an opportunity to expand retail offerings to capture existing retail leakage and better meet local demand in key categories such as drinking places and restaurants, hotels and BnB's, clothing stores, home improvement stores, sporting goods stores or outfitters, as well as recreational vehicle dealers. Retail demand is projected to grow over the next five years in these markets. While demand is projected to grow across many retail sectors, businesses should also consider the growing number of visitors.

Commercial Rental Estimations

Rental estimations are typically expressed in the form of annual price per square foot or $/sf/yr. There are currently only two commercial properties available for rent near 249 East Main Street which have a range of rental rates from approximately $11-$13 per square foot per year. Based on these general rates and the proposed usage scenarios, there is a range of estimated annual revenue potential generated from commercial rent from $73,000/year to $148,000/year. A more detailed version can be found in the proforma.