



Final Report

River District Redevelopment Plan

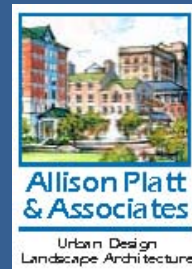
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Prepared for:

City of Danville, VA



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Executive Summary

A. Introduction

In March 2011, BBP & Associates LLC was engaged by the City of Danville to provide services to complete a River District Redevelopment Plan (Plan) to analyze the existing conditions of the River District in the downtown area of the City of Danville, and provide recommendations and an implementation plan to guide the City's decisions.

The Plan is comprised of two major elements: An economic analysis and implementation plan prepared by BBP & Associates LLC, and; an urban design plan and guidelines prepared by Allison Platt & Associates (contained in this report as "Attachment A").

B. Findings

- From 2007 to 2010, the City of Danville (overall) has experienced an 8 percent decrease in population and a 7 percent decrease in households.
- The City of Danville's resident population's educational attainment has increased in the past few years (college degree or higher increased from 37.7 percent to 44 percent), evidencing the current workforce is increasing in education and skill level, and able to fill positions.
- Between 2008 and 2010, the number of residential building permits was higher than projected number of units to be absorbed in the City.
- The River District has successfully attracted businesses and increased employee volume from 2008 to 2011, and is becoming an important employment node for the City of Danville.
- Within a half mile radius of the center of the City of Danville, the number of businesses has increased by 65 percent and number of employees by 105 percent, from 2008 to 2010.
- The Office Market in the River District is currently the District's strongest sector.
- The City of Danville has experienced an increase in investments by the public and private sectors, and has successfully found uses for older buildings by using incentives.

C. Recommendations

- BBP LLC selected four catalyst redevelopment projects in the Danville River District to on which to focus redevelopment:
 - 541 Bridge Street (Pemberton & Penn Building) – Hotel
 - 401 Bridge Street (RJR Building) – Office
 - 513 Lynn Street (Smith Seed Building) – Apartments
 - 109 Main Street (Dan River R&D Building) – Office/Mixed Use

- At build-out, the four projects analyzed will generate the following estimated economic impacts:
 - \$29.2 million in new investment
 - Estimated 385 new workers in the River District
 - 40 – 50 new residents in the River Districts
 - 14,000 annual lodging guest in the River District
 - \$210,000 in annually recurring tax revenues to the City of Danville
 - Potential for over \$550,000 in annual spending at local food and beverage establishments in the River District
- BBP LLC recommended an Implementation Plan for the River District to include the following:
 - Available Relevant Incentive Programs:
 - Local (Real Estate Tax Abatement Programs, Downtown Danville Enhancement Grant, Danville Industrial Development Authority, Enterprise Zone Incentives)
 - State (Historic Rehabilitation Tax Credit, Commonwealth Transportation Board Transportation Enhancement Grants, Virginia Department of Transportation including Economic Development Access Funds, Access Programs, and Revenue Sharing, Industrial Revitalization Fund (IRF), Virginia Tobacco Indemnification and Community Revitalization Commission Economic Development Program)
 - Federal (Historic Rehabilitation Tax Credits, New Market Tax Credits (NMRC), Rural Business Enterprise Grants (RBEG))
 - Leveraging the following key assets such as the *Redevelopment Projects and Public Improvement Projects*
 - Promoting and Marketing the Catalyst Projects through a River District Promotional Brochure and Creating and Maintaining a Developer/Investor Database
 - Strategy for preparing, negotiating, and closing public/private partnership deals in a down economic environment, including identifying bad deals
 - Pursuing the following redevelopment projects, as a second phase in the redevelopment process:
 - Belk-Leggett Building, 416-426 Main Street
 - First Block, 310-336 Main Street
 - White Mill Building, 424 Memorial Drive
 - Fire Station, 297 Bridge Street
 - Power Station, 395 Bridge Street
 - Masonic Temple (River City Towers), 105 S. Union Street
 - Richmond Cedar Works, 401-409 Craghead Street

- Danville Post Office, 700 Main Street
- Riverfront Park
- Linear Stream Park

D. Contents of Urban Design Plan

- Urban Design Analysis
 - Circulation/Access Issues
 - Opportunities/UD Issues
 - Analysis Drawing
- Urban Design/Open Space Recommendations
 - Opportunities Summary
 - River District Strategy Overview
 - Improvements to Main Street
 - “100% Corner” Area
 - Riverfront Park
 - Downtown Parking
 - Craghead Street
 - Daylighting the Stream near the Crossing
 - Treatment of Other Street Types
 - Implementation Priorities

I. Real Estate Market Assessment Update

A. Overview

The following conveys the findings of a real estate sector based market assessment of factors that will affect future redevelopment in the Danville River District. BBP acknowledges and has reviewed two previous market studies conducted for the City of Danville and relevant to the study area, an Apartment/Condominium Analysis for the City of Danville, VA, prepared by The Danter Company in January, 2008, and the Downtown Danville Market Study Update, prepared by Greenberg Development Services (GDS) in February 2008. The objective therefore, of the BBP market assessment, is to evaluate salient demographic, economic, and real estate market trends from 2008 through 2010, to ascertain if, and to what degree, market forces have shifted from previous observations and projections. The findings of this market analysis update will inform recommendations on effective public/private action items to stimulate investment in the Danville River District, and otherwise carry forward the momentum for revitalization.

B. Market Update Summary

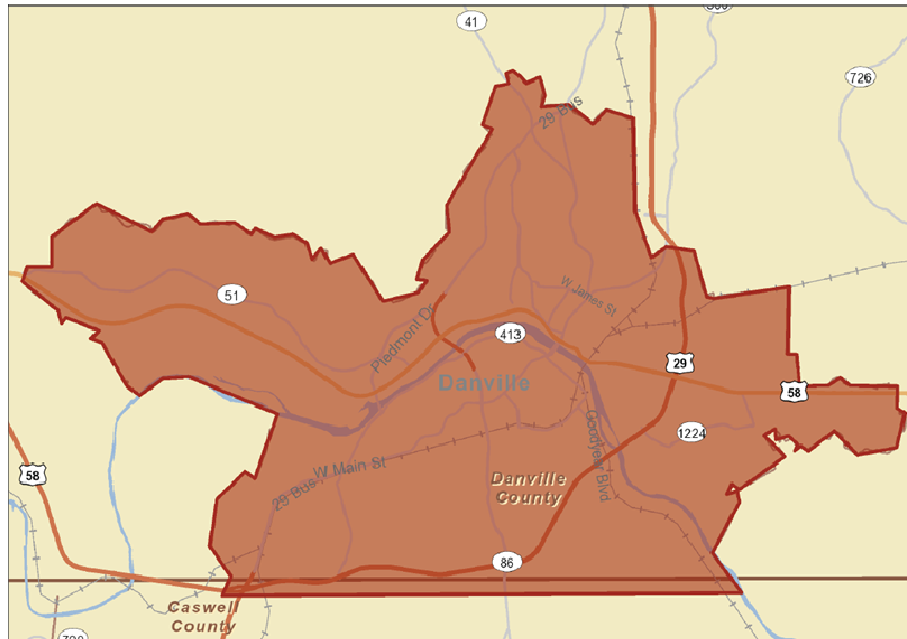
The Downtown Danville Market Study Update, February 2008 compiled by Greenberg Development Services (GDS), covered many sectors of downtown Danville's economy in the Downtown Assessment section of the report. These included Overview of the District, Downtown's Employment and Residential Base, Downtown Business Mix, Recent Investment Activity, and Redevelopment Opportunities and Challenges. Sectors that were focused on that provided the greatest opportunity for expansion were the following: office employment, residential, entertainment, cultural arts & recreation, and retail uses (restaurants, specialty goods, home furnishings, and convenience and personal services). The Study provided an overview of the existing conditions and comparison between 2003 and 2008 for each section and sector, along with recommendations for the City of Danville to improve and build upon existing conditions. Since 2008, there have been some changes that are notable for the City of Danville.

a. Study Area

In 2008 GDS's Study Area/District included the Tobacco Row Historic District, Central Business District, and an industrial area along the river. GDS identified primary corridors (North Union Street, Main Street, Patton Street, Memorial Drive and Craighead Street), and included traffic counts along Main Street, and identified the busiest intersections to be Main St. at Main St, Main St. and Chestnut St., Memorial Dr. and Spring St., and Craighead St. and Newton St. The Study Area for the current market update in 2011 is the City of Danville city limits. Comparisons have also been made to the Metropolitan Statistical Area for the City of Danville, for regional

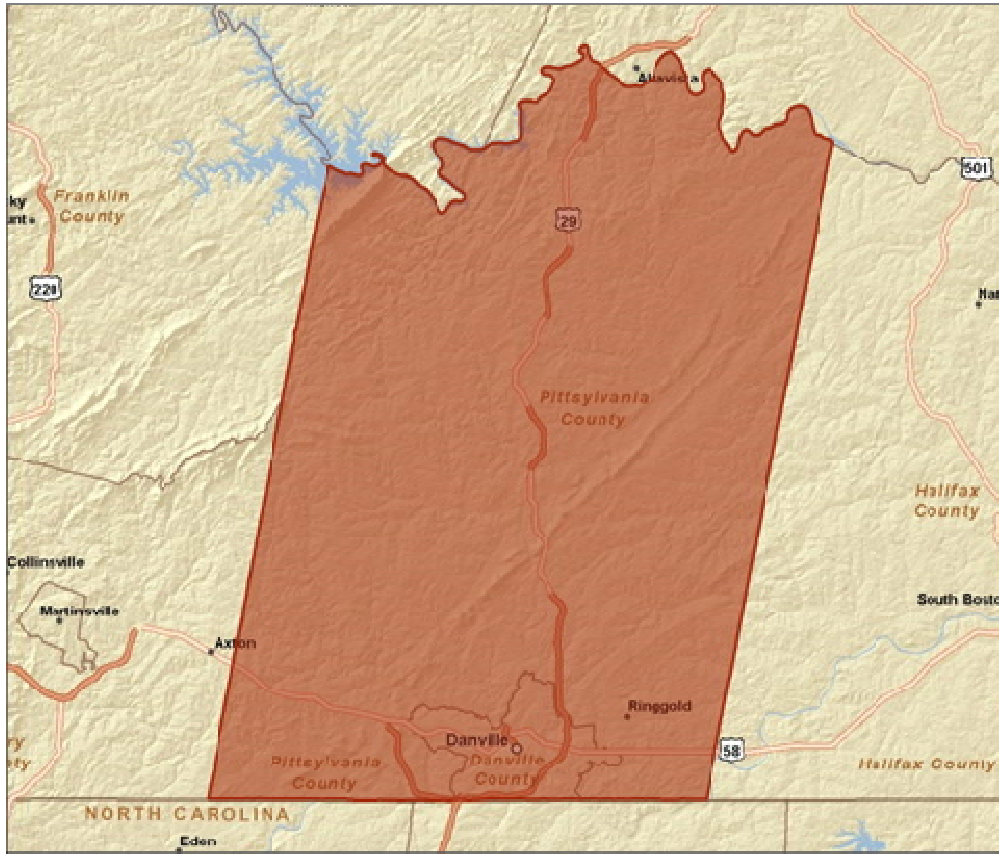
comparison data to analyze any market changes since the GDS study was released.

City of Danville



Source: BBP LLC, ESRI, 2011

City of Danville – Metropolitan Statistical Area (MSA)



Source: BBP LLC, ESRI, 2011

b. Demographics

From 2007 to 2010, the City of Danville population has decreased by 8 percent, and households have decreased by 7 percent. From the GDS study, it was expected that the total population and household counts would decline, but not much, as it was anticipated that there would be an increase in the job market. The GDS Study was projected that the population decrease would be 3.9 percent; however, the population decrease has been 8 percent. Likewise, GDS projected in the Study that households would decrease by 3.3 percent; however, the household decrease has been 7 percent between 2007 and 2010.

c. Educational Attainment

The 2008 GDS Study reported that approximately 31 percent of the workforce had less than a high school education, and 31.4 percent were high school graduates, with 37.7 percent of the population completing some college, or obtained higher education degrees. In 2010, approximately 24 percent of the educated population has less than a high school diploma, and 33 percent were high school graduates. The remaining 44 percent of the

educated population have obtained some college or different higher education degrees. In 2010, 57 percent of the population has a high school diploma or less (some high school), while in 2007, that cumulative was 62.4 percent. In 2007, those with some college or higher, totaled 37.7 percent and rose to 44 percent in 2010. *With the increased educational attainment evident in the past few years in the City Danville, the workforce is increasing in educational and skill level and is a more employable workforce than in 2007.*

d. Market Analysis

i. Employment

The 2008 GDS Study foresaw that there would continue to be employment adjustments as the local economy shifted away from the textile industries. However, with the national and regional changes, Danville has not been immune to employment loss within the past few years. *Between 2007 and 2010, the unemployment rate increased from 7 percent to 13 percent for City of Danville residents and from 3 percent to 6.9 percent for the State of Virginia residents.* It is also notable, as there are more persons in the labor force of the City of Danville, and fewer people employed overall in 2010 than there were in 2007.

ii. Employee & Business Base

In the GDS Study, at-place employment, within a half mile radius of the intersection of Main St. and Memorial Drive was 1,476 employees across 193 businesses. In 2010, at the same center point for the City, employees were 3,024, across 319 businesses. The River District in the City of Danville has successfully attracted businesses and increased the volume of employees, than reported in 2008, and is becoming an important employment node for the City of Danville.

iii. Employees & Industries

In the GDS Study, the top industries employing City of Danville at-place employees were Government/Public Administration, and Medical Services. In 2010, the top industries, by number of employees, that employ at-place employment persons in the City of Danville, are Health Care/Social Assistance, Manufacturing, Retail and Accommodation/Food Services. There has been a shifting of where the employees are working from the previous study. Employment within 12 categories of Retail show that the largest share of employees is in General Merchandise (19%), Motor Vehicle/Parts Dealer (18%), Food & Beverage Stores (18%) and Miscellaneous Stores (11%).

e. Residential

The Danter Company's residential study in 2008 recognized the small and growing residential base in the Downtown District, specifically in the Tobacco Warehouse District (TWD). The Danter Company projected that the River District would absorb 80 – 118

residential units over four to six years. It was recommended, in order to support the housing influx, to recruit support services (restaurants, convenience stores, etc.), and concentrate new housing development to promote a dense population. *Between 2008 and 2010 for the City of Danville, the cumulative number of residential building permits by units was 156, which is higher than the projected residential units to be absorbed by the River District. However, no new residential permits were issued in the River District from 2008 to 2010.* Multi-family rental market is also much stronger than condo market at this time.

At the time of the residential study completed by the Danter Company, it was unforeseen how housing occupancy or foreclosures would affect the housing market in the following years. *Between 2000 and 2010, the total number of housing units did increase by 3 percent, but the overall number of occupied units dropped by 7 percent.* In addition, according to the Danter Company's residential study, the housing vacancy rate was 6.3 percent in 2008. *According to ESRI data in 2010, the vacancy rate soared to 19 percent, of all housing units available.* Vacancy has increased and the number of households in rentals and owner-occupied units has also decreased. Foreclosure events are also indicative of how the housing market has been affected. In 2008 and 2009, a cumulative total of 548 foreclosure events were documented in the City of Danville. *Danville has not been immune to the affects of the housing and economic crisis experienced from 2007 to present and residential absorption has slowed down considerably, since 2007, and has been much less than projected in the River District.*

f. Non-Residential

i. Overview

In 2008, the GDS Study reported that the Downtown was comprised of more professional and service categories than retail. The 2008 GDS Study recognized that retail was scattered across the downtown, there were vacancies and under-performing businesses, one-way traffic patterns, and challenging topography that prevented a cohesive and stronger retail district. In addition, the cultural amenities and attractions located in the Tobacco Warehouse District were not easily accessible to the retail segments of the Downtown. The Study proposed a trolley service to increase visitor traffic and integrate the retail and cultural amenity attractions for the City. In the 2008 GDS Study, Danville's retail sector was considered underserved, and was projected that retail growth would need to consolidate for a larger share of each individual market. It recommended shifting retail from general purpose/everyday goods retail to niche markets to create a specialty retail district. In addition, the GDS Study recognized that as an increased in commercial space would occur, it would provide opportunity for businesses to cluster, but would require extensive advertizing and promotional programs to increase the trade area to gain competitive business. In addition, the GDS Study recognized the numerous shopping centers, the regional mall and the interest of big-box retailers to the

shopping centers surrounding the City of Danville. The GDS Study mentioned the planned 550,000 sf commercial space, the second largest in Danville, next to the regional mall. The GDS Study recognized a 700,000 sf of commercial and retail space that would be added to the outlying areas to the Downtown district of Danville.

ii. Office Employment Sector

In the GDS Study, employment was primarily in owner-occupied businesses, with employment not increasing significantly between 2004 and 2008. The newest businesses were professional and advanced technology fields. GDS recommended concentrating recruitment in education, health care, advanced technology, and business-business sectors and location neutral businesses. Horizon Tech, Luna Nanoworks, Infinity Global Packaging were occupying rehabilitated office space in the River District about the time the GDS was completed.

Post 2008, Averett University and Danville Regional Foundation planned to take 40,000 square feet at 512 Bridge St., and a data center is slated to go into the White Mill Building. City/IDA involvement will be critical to attracting businesses to River District Buildings. The City of Danville plans to spend \$10 million in fiscal year 2012 to purchase industrial properties. Tenant's rent set at a rate to cover PITI with an option to buy building for principle owed. *The Office market is currently River District's strongest sector.*

iii. MSA & City of Danville

Presently, the City of Danville is competing for a share of the market with the MSA, and is experiencing a surplus in specific retail goods. The overall demand for specific Daily Needs, GAFO (General Merchandise, Apparel and Accessories, Furniture and Other Sales), and Food Service has been compared for the MSA and the City of Danville. In 2010, the City of Danville's overall demand represents \$186,307,146 out of \$469,640,910 of the MSA's overall demand. However, the MSA has a leakage of \$7M in full-service restaurants which could potentially support 10,000 to 17,500 square feet of full service restaurant space.

g. Retail

i. Overview

In the 2008 GDS Study, there were leakages of sales from the outer trade areas (up to 30 miles) from the City of Danville, and could support approximately \$30 million in retail sales. In 2008, GDS recommended to locate retail as close together as possible, with a maximum of 25 feet of space between uses. In addition, it was recommended that specialty retailers be located within close proximity to counteract larger businesses. The GDS Study recommended to focus retail recruitment along Main Street (between Market and Floyd Street), North Union Street (between High Street and Spring Street), and the TWD, and afterwards along

the peripheral streets to these areas. The City was also recommended to support brokers and property owners with marketing, finding tenants, and providing incentives.

The GDS study reported that the River District could support \$30 million in all retail sales from outer trade areas (30 miles), mostly in food & beverage – full service restaurants. However, 2010 calculations reflect a surplus for the City of Danville in the Daily Needs, GAFO, and Food Service. In addition, the City of Danville has an opportunity surplus in all retail categories of \$183M. It is notable that the Piedmont Regional Mall is a two mile drive from the intersection of Main St. and Memorial Drive. Specifically, in 2010, the leakages for Electronic/Appliance Stores, Sporting Goods/Hobby/Book/Music Stores, Office Supplies/Stationary/Gift Stores, and Building Materials/Garden Equipment & Supply Stores totaled \$26,416,930.

ii. Restaurants

In 2008, GDS suggested capturing 3 percent of the \$45 million leakage, of outer trade areas (up to 30 miles) in restaurant sales; this would equate \$9 million in the River District, and 2 large 4,000 – 5,000 sf chain restaurants, or multiple smaller locally-owned restaurants and bars ranging from 1,500 – 2,000 sf. GDS suggested clustering smaller restaurants as the center of an entertainment district in the TWD – to increase the capture rate to 10 percent from 3 percent. GDS suggested a stronger need for mid-level restaurants where live music and patio/bars are part of the experience.

Using MSA and City data for 2010, there are different leakage and surplus amounts than there were in the GDS 2008 Study. While the City of Danville's share of the Full-service Restaurant sector is \$18,934,369, out of the MSA's \$49,717,438, the City of Danville in 2010 is oversupplied with Full-service restaurants by \$19,240,757. This area includes the regional mall, which contributes to the oversupply in the City of Danville, which has not changed since the GDS Study in 2008. In 2010, the MSA had leakage of \$7 million in full-service restaurants, which could potentially support 10,000 to 17,500 square feet of full service restaurant space. However, in the River District, retail/Food & Beverage has been the weakest sector.

iii. Specialty Goods

In the 2008 GDS Study, it was suggested to capture \$7 million in sales from the outer trade area (up to 30 miles) in miscellaneous retail, and \$5 million from apparel. GDS assumed a 10 percent capture rate for miscellaneous retail, to support 18 miscellaneous businesses. GDS assumed a 5 percent capture rate for apparel, to support 3 – 5 apparel stores in the downtown. The GDS Study's recommendation of types of stores to be more "specialty" considering the lack of department store anchors, recruitment should focus on what the area does not have. In addition, these stores should be clustered together with in-store activities to increase foot traffic.

In 2010, the demand for Apparel (Clothing & Clothing Accessories) was \$9,153,088, with a supply of \$18,329,480, representing a surplus amount of \$9,176,392. While this does account for the regional mall, located in the City of Danville, this is different from the GDS Study, as there does not seem to be an existing market to capture the sales available for this sector of retail.

h. Entertainment, Cultural Arts & Recreation

The GDS Study suggested creating a downtown entertainment district, by attracting anchor attractions with supporting restaurants, bars and/or music clubs. GDS suggested taking advantage of local and regional attractions, but also focus initial recruitment near the Dan River and the TWD, to bolster and encourage residential development. In coordination with restaurant and entertainment uses, it was recommended the City spearhead public improvements and marketing campaigns to promote new development.

C. General Demographics

a. Overview

The City of Danville has approximately 44,749 residents with 19,265 households. Each household size is approximately 2.24 persons. The total housing unit inventory in 2010 was 23,654, with 46.5 percent owner-occupied and approximately 35 percent renter-occupied. See Table II.C.1. From the GDS study, it was expected that the total population and household counts would decline, but not much. The GDS Study was projected that the population decrease would only be 3.9 percent as it was anticipated that there would be an increase in the job market. From 2007 to 2010, the City of Danville resident population decreased by 8 percent and households decreased by 7 percent. See Table II.C.2.

Table II.C.1

General Demographics City of Danville 2010	
Total Population	44,749
Total Households	19,265
Average Household Size	2.24
Housing Units	23,694
Owner Occupied	11,021
Renter Occupied	8,244
Median Household Income	\$ 34,288
Average Household Income	\$ 39,361
Median Age	42.5

Source: BBP LLC, ESRI, 2011

Table II.C.2

Population & Household Change from 2007 - 2010			
Category	2007	2010	% Change
Population	48,411	44,749	-8%
Households	20,607	19,265	-7%

Source: BBP LLC, ESRI, 2011, GDS (2008)

b. Diversity Composition

In the GDS Study, it was projected that the White Only population would decrease by approximately 2 percent; however, between 2007 and 2010, the White Only population decreased by over 10 percent, reflecting a -18 percent change in the White Only population in Danville. Likewise, the GDS Study projected that the Black Only population would increase by approximately 2 percent; however, between 2007 and 2010, the Black Only population grew by over 10 percent, reflecting a 30 percent change between 2007 and 2010. In addition, the Hispanic Origin population has increased from 1.7 percent to 3 percent of the overall population, reflecting a 76 percent change between 2007 and 2010. See Table II.C.4.

Table II.C.3

Population by Race/Ethnicity City of Danville - 2010	
Total Population	44,749
White Alone	23,046
Black Alone	20,227
American Indian Alone	89
Asian or Pacific Islander Alone	447
Some Other Race Alone	358
Two or More Races	582
Hispanic Origin	1,119
Diversity Index	55.4

Source: BBP LLC, ESRI, 2011

Table II.C.4

Population by Race/Ethnicity Change from 2010 - 2010			
Category	2007	2010	% Change
White Alone	63.4%	52%	-18%
Black Alone	34.5%	45%	30%
Hispanic Origin	1.7%	3%	76%

Source: BBP LLC, ESRI, 2011, GDS (2008)

c. Educational Attainment

The educational attainment of the City of Danville's population, 25 years and older for 2010, is listed below in Table II.C.5 and Chart II.C.1. In 2010, approximately 24 percent of the educated population has less than a high school diploma, and 33 percent are high school graduates. The remaining 44percent of the educated population have obtained some college, or different higher education degrees. The GDS study reported that approximately 31percent of the workforce had less than a high school education, and 31.4 percent were high school graduates, with 37.7 percent of the population completing some college, or obtained higher education degrees. In 2010, approximately 57 percent of the population has a high school diploma or less; in the GDS Study, that cumulative was 62.4 percent. In addition, those with some college or higher, in the GDS Study were 37.7 percent which rose to 44 percent in 2010. *With increased educational attainment evident in the past few years in the City Danville, the workforce is increasing in educational and skill level and able to fill positions.*

Chart II.C.1

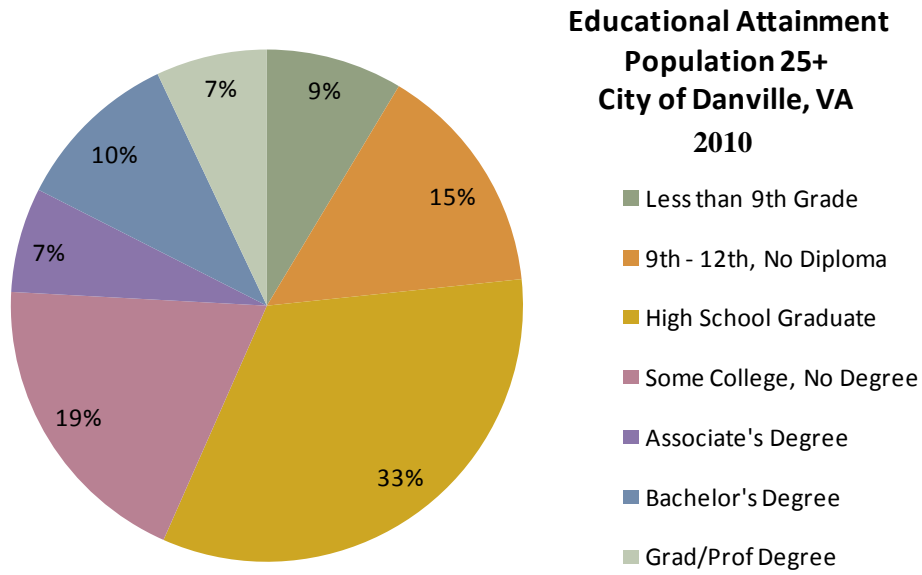


Table II.C.5

Educational Attainment, 25 Years+			
City of Danville			
Category	2007*	2010	
	Percent	Number	Percent
Total	100%	31,210	100%
Less than 9th Grade	11.8%	2,684	9%
9th - 12th, No Diploma	19.2%	4,588	15%
High School Graduate	31.4%	10,362	33%
Some College, No Degree	19.2%	5,992	19%
Associate's Degree	5.2%	2,060	7%
Bachelor's Degree	8.3%	3,277	11%
Grad/Prof Degree	5.0%	2,185	7%

* Percentages were only available in GDS Study

Source: BBP LLC, ESRI, 2011, GDS (2008)

D. Market Analysis

a. Overview

Table II.D.1 lists the resident labor force in the City of Danville, number employed out of the resident labor force, and the number unemployed. The unemployment rate has been provided for the State of Virginia as a comparative reference to the City of Danville. Between 2007 and 2010, the unemployment rate increased from 7 percent to 13 percent for the City of Danville resident workforce and from 3 percent to 6.9 percent for the State of Virginia. The GDS Study foresaw that there would continue to be employment adjustments considering the shift away from the textile industries. However, with the national and regional changes, as seen in housing, Danville has not been immune to employment loss within the past few years. It is also notable, as there are more persons in the labor force, and fewer people employed overall in 2010 than there were in 2007.

Table II.D.1

Resident Labor Force						
	City of Danville					Virginia
Year	Labor Force	Employed		Unemployed		Unemployment
		Number	Percent	Number	Percent	
2010	20,044	17,366	87%	2,678	13%	6.9%
2009	20,427	17,627	86%	2,800	14%	5.9%
2008	20,096	18,229	91%	1,867	9%	4.0%
2007	19,765	18,305	93%	1,460	7%	3.0%
2006	20,179	18,437	91%	1,742	9%	3.0%
2005	21,029	18,924	90%	2,105	10%	3.5%

Source: BBP LLC, Bureau of Labor Statistics, 2011

b. Employee & Business Base

In the GDS Study, at-place employment, within a half mile radius of the intersection of Main St. and Memorial Dr. was 1,476 employees across 193 businesses. Table II.D.2 lists the number of businesses and at-place employees that work in the businesses that are located in the whole City of Danville. Table II.D.3 lists the number of business and at-place employment for 2007 and 2010 by radii from the intersection of Main Street and Memorial Drive. In 2010, at-place employees were 3,024, across 319 businesses. The River District in the City of Danville has successfully attracted businesses and increased the volume of employees, than reported in 2008, and is becoming an important employment node for the City of Danville. Between 2007 data and 2010, the total number of businesses has increased 65% and the number of employees by 105%, within a half mile radius, as evidenced in Table II.D.4.

Table II.D.2

Business Summary 2010 City of Danville	
Number of Businessess	2,185
Number of Employees	26,577
Total Residential	44,749
Emp:Res Pop Ratio	0.59

Source: BBP LLC, ESRI, 2011

Table II.D.3

Business/Employee Overview 2007 City of Danville			
Category	.5 Mile Radius	1 Mile Radius	3 Mile Radius
Total Bus.	193	396	1,580
Total Emp.	1,476	3,810	20,333
Total Res.	1,423	7,812	35,216
Emp:Res Ratio	1.04	0.49	0.58

Source: GDS (2008)

Business/Employee Overview 2010 City of Danville			
Category	.5 Mile Radius	1 Mile Radius	3 Mile Radius
Total Bus.	319	509	1,798
Total Emp.	3,024	5,040	23,955
Total Res.	1,337	7,372	34,377
Emp:Res Ratio	2.16	0.68	0.70

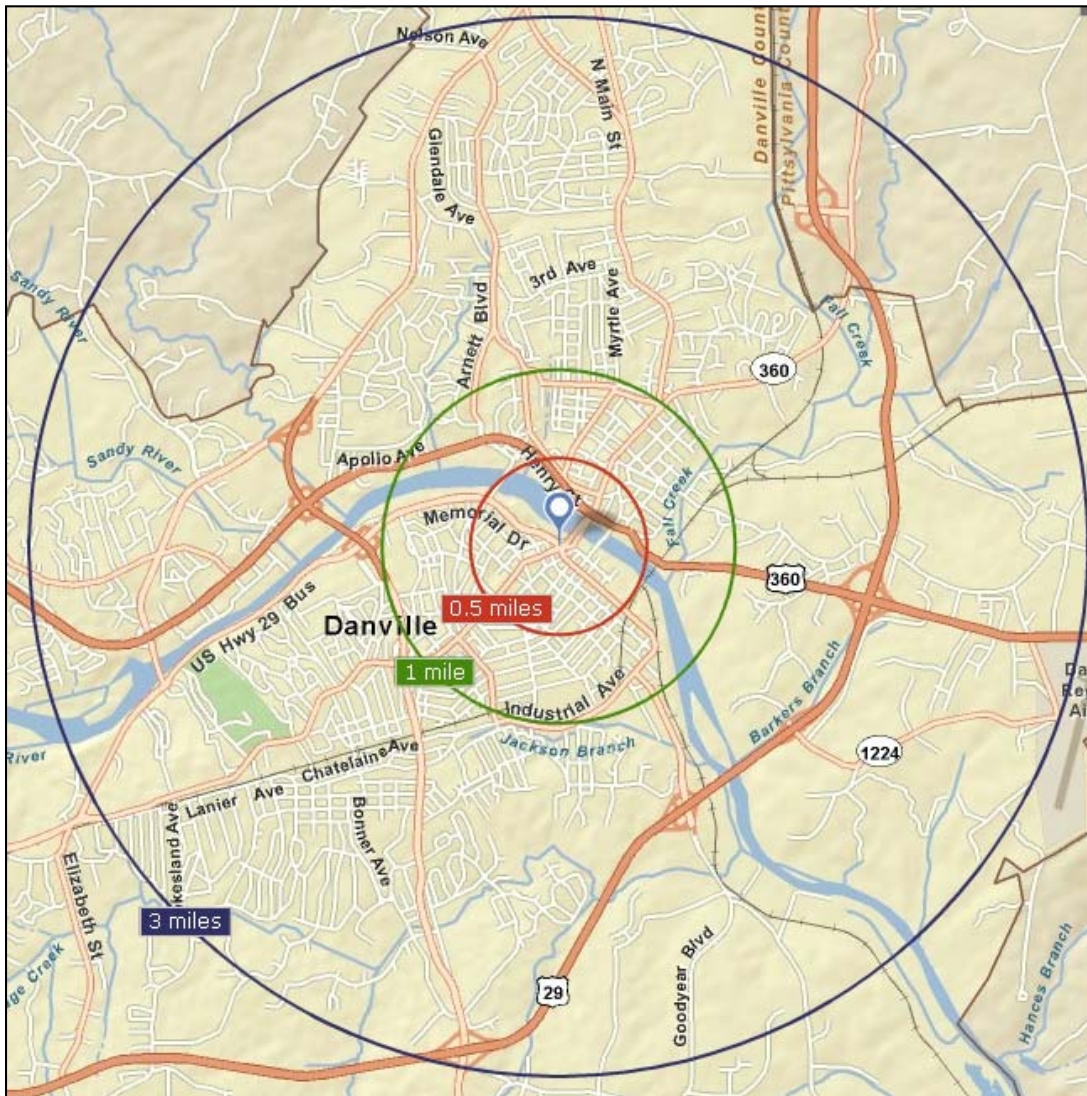
Source: BBP LLC, ESRI, 2011

Table II.D.4

Business/Employee Overview 2007 -2010 Percent Change						
Category	.5 Mile Radius		1 Mile Radius		3 Mile Radius	
	No.	%	No.	%	No.	%
Total Bus.	126	65%	113	29%	218	14%
Total Emp.	1,548	105%	1,230	32%	3,622	18%
Total Res.	(86)	-6%	(440)	-6%	(839)	-2%
Emp:Res Ratio		108%		39%		21%

Source: BBP LLC, ESRI, 2011

Distances from Downtown Danville



Source: ESRI, BBP LLC, 2011

E. Employees & Industries

a. Overview

Table II.E.1 lists the number of at-place employees across industries. The top industries, by number of employees, that employ at-place employment persons in the City of Danville, are Health Care/Social Assistance, Manufacturing, Retail and Accommodation/Food Services. In the GDS Study, the top industries employing City of Danville at-place employees were Government/Public Administration, and Medical Services. There has been a shifting of where the employees are working from the previous study. Employment across 12 categories of Retail are listed in Table II.E.2, and show that the largest share of employees are in General Merchandise (19%), Motor Vehicle/Parts Dealer (18%), Food & Beverage Stores (18%) and Miscellaneous Stores (11%).

Table II.E.1

Employee Mix by Industry		
City of Danville, 2010		
Industry Types	Employees	% of Total
Agriculture	2	0.01%
Mining	4	0.02%
Utilities	27	0.10%
Construction	937	3.53%
Manufacturing	3,919	14.75%
Wholesale Trade	664	2.50%
Retail Trade	3,857	14.51%
Transportation and Warehousing	490	1.84%
Information	1,179	4.44%
Finance/Insurance	1,209	4.55%
Real Estate	499	1.88%
Professional, Scientific	534	2.01%
Management	110	0.41%
Waste Management/Remediation	705	2.65%
Education	1,619	6.09%
Health Care/Social Assistance	4,418	16.62%
Arts, Entertainment, Recreation	202	0.76%
Accommodation/Food Services	2,384	8.97%
Other Services	1,901	7.15%
Public Administration	1,891	7.12%
Unclassified	26	0.10%
	26,577	100.0%

Source: BBP LLC, ESRI, 2011

Table II.E.2

Retail Employee Mix City of Danville, 2010		
Retail Type	Employees	% of Total
Motor Vehicle/Parts Dealer	678	18%
Furniture/Home Furnishings	131	3%
Electronics/Appliance	75	2%
Building Materials/Garden	366	9%
Food & Beverage Stores	695	18%
Health & Personal Care	177	5%
Gasoline Stores	99	3%
Clothing/Clothing Accessories	287	7%
Sporting Goods, Hobby, Book, Music	101	3%
General Merchandise	716	19%
Miscellaneous Stores	429	11%
NonStore	103	3%
	3,857	100%

Source: BBP LLC, ESRI, 2011

b. Businesses & Industries

The share of employees in the Retail sector is in line with the number of businesses that are located in the City of Danville as Retail has one of the highest shares of number of businesses, second to Other Services, as shown in Table II.E.3. Out of all of the Retail establishments in the City of Danville, Table II.E.4 shows the breakdown of how many retail businesses there are per subcategory. The top retail categories in the City of Danville, per number of establishments, are Motor Vehicle/Parts Dealer (17%), Clothing/Clothing Accessories (16%), Food & Beverage Stores (14%) and Miscellaneous Stores (14%), in line with the highest number of employees per retail category, as listed in Table II.E.4.

Table II.E.3

Business Mix by Industry		
City of Danville, 2010		
Industry Type	No. of Bus.	% of Total
Agriculture	2	0.1%
Mining	1	0.0%
Utilities	9	0.4%
Construction	115	5.3%
Manufacturing	53	2.4%
Wholesale Trade	78	3.6%
Retail Trade	429	19.6%
Transportation and Warehousing	38	1.7%
Information	35	1.6%
Finance/Insurance	150	6.9%
Real Estate	96	4.4%
Professional, Scientific	107	4.9%
Management	2	0.1%
Waste Management/Remediation	63	2.9%
Education	44	2.0%
Health Care/Social Assistance	194	8.9%
Arts, Entertainment, Recreation	32	1.5%
Accommodation/Food Services	159	7.3%
Other Services	458	21.0%
Public Administration	108	4.9%
Unclassified	12	0.5%
	2,185	100.00%

Table II.E.4

Retail Business Mix		
City of Danville, 2010		
Industry Type	No. of Bus.	% of Total
Motor Vehicle/Parts Dealer	74	17%
Furniture/Home Furnishings	16	4%
Electronics/Appliance	21	5%
Building Materials/Garden	18	4%
Food & Beverage Stores	58	14%
Health & Personal Care	31	7%
Gasoline Stores	23	5%
Clothing/Clothing Accessories	68	16%
Sporting Goods, Hobby, Book, Music	29	7%
General Merchandise	25	6%
Miscellaneous Stores	60	14%
NonStore	6	1%
	429	100%

Source: BBP LLC, ESRI, 2011

F. Residential

a. Overview

The Danter Company's residential study in 2008 recognized the small and growing residential base in the Downtown District, specifically in the Tobacco Warehouse District (TWD). The Danter Company projected that the River District would absorb 80 – 118 residential units over four to six years. It was recommended, in order to support the housing influx, to recruit support services (restaurants, convenience stores, etc.), and concentrate new housing development to promote a dense population. *Between 2008 and 2010 for the City of Danville, the cumulative number of residential building permits by units was 156 (Table II.F.1), which is higher than the projected residential units to be absorbed by the River District. However, no new residential permits were issued in the River District from 2008 to 2010.* Multi-family rental market is much stronger than condo market at this time.

Table II.F.1

City of Danville Building Permits by Units 2005 - 2010							
Type	2005	2006	2007	2008	2009	2010	Total
Single Family	30	58	30	51	16	70	255
Multifamily			100		19		119
Total	30	58	130	51	35	70	374

Source: BBP LLC, US Census Bureau, 2011

At the time of the residential study completed by the Danter Company, and the GDS Study in 2008, it was unforeseen how housing occupancy or foreclosures would affect the housing market in the following years. Between 2000 and 2007, the total number of housing units did increase by 3 percent, but the overall number of occupied units dropped by 7 percent, as evidenced in Table II.F.2. In addition, according to the Danter Company's residential study, the housing vacancy rate was 6.3 percent. According to ESRI data in 2010, the vacancy rate soared to 19 percent, of all housing units available. Overall, vacancy has increased and the number of households in rentals and owner-occupied units has decreased, as seen in Table II.F.2. Danville has not been immune to the affects of the housing and economic crisis experienced from 2007 to present. Foreclosure events are also indicative of how the housing market has been affected. In Table II.F.3 the number of foreclosure events are listed by year. In 2008 and 2009, a total of 548 foreclosure events were documented in the City of Danville. In short, residential absorption has been much slower than anticipated in River District.

Table II.F.2

Housing Status by Occupancy and Type					
Comparison between 2000 and 2010					
Housing Status	Census 2000		2010		Percent Change
	Number	Percent	Number	Percent	
Total Housing Units	23,108	100%	23,694	100%	3%
Occupied	20,607	89%	19,265	81%	-7%
Owner	11,975	52%	11,021	47%	-8%
Renter	8,632	37%	8,244	35%	-4%
Vacant	2,501	11%	4,429	19%	77%

Source: BBP LLC, ESRI, US Census Bureau, 2011

Table II.F.3

Foreclosure Events		
2006 - 2009		
Year	Events	% Change
2006	51	--
2007	158	210%
2008	290	84%
2009	258	-11%
2006 - 2009		406%

Source: BBP LLC, RealtyTrac, GoDanRiver

At the time of the GDS study, it was unforeseen how the housing and economic crises would unfold, and it was anticipated that there would be an increase in employment and an ability to absorb new housing units in the River District. However, as there have been more residential building permits per unit applied for in the City of Danville, and no River District residential building permits, (as compared to the projected absorption rate), a higher decrease in occupancy than expected, and an unforeseen surge in foreclosure events, the City of Danville’s housing market has experience a decrease and unexpected downturn from 2007 to 2010, and has not experienced any increase in the River District.

G. Non-Residential

a. Recent Investment Activity

The GDS Study referenced various reinvestment opportunities for the city of Danville including the redevelopment of buildings in the Tobacco Warehouse District into housing, retail and office space. At the time of the GDS Study, there were 7 projects underway, representing \$20 million of private investment, and 28 businesses opening or expanding across the Downtown. The GDS Study reported that public investment had also seen an increase

including over \$500,000 in façade grants, and public amenity improvements totaling \$32 million. The City of Danville, in essence, had seen an increase in investments by the public and private sector, and had found innovative uses for older buildings through the uses of incentives.

b. Redevelopment Opportunities and Challenges

In the 2008 GDS Study, there were redevelopment projects planned and/or underway to potentially increase the available square footage by 200,000. It was stated that the 200,000 sf would take time to be absorbed, would create short-term vacancies for businesses moving within the Downtown, but would provide opportunity to fill retail gaps experienced in the Downtown. There were also impediments to redeveloping some retail/commercial space that was outmoded for retail/commercial. The GDS Study pointed out that some of the buildings could be redeveloped into housing, but such projects would need to be spread out over several years, considering there was a weak housing market in Danville in 2008. However, the GDS Study was hopeful that with more aggressive revitalizations efforts, residential could be a successful possibility with the incorporation of business recruitment, retention and the strengthening of the entertainment uses and cultural amenities in the Downtown.

c. Office Employment Sector

In the GDS Study, employment was primarily in owner-occupied businesses, with employment not increasing significantly between 2004 and 2008. The newest businesses were professional and advanced technology fields. GDS recommended concentrating recruitment in education, health care, advanced technology, and business-business sectors and location neutral businesses. Horizon Tech, Luna Nanoworks, Infinity Global Packaging were occupying rehabilitated office space in the River District about the time the GDS was completed.

Post 2008, Averett University and Danville Regional Foundation planned to take 40,000 square feet at 512 Bridge St., and a data center is slated to go into the White Mill Building. City/IDA involvement will be critical to attracting businesses to River District Buildings. The City of Danville plans to spend \$10 million in fiscal year 2012 to purchase industrial properties. Tenant's rent set at a rate to cover PITI with an option to buy building for principle owed. The office market is currently the River District's strongest sector.

d. MSA & City of Danville

Presently, the City of Danville is competing for a share of the market with the MSA, and is experiencing a surplus in specific retail goods. The overall demand for specific Daily Needs, GAFO (General Merchandise, Apparel and Accessories, Furniture and Other Sales), and Food Service has been compared for the MSA and the City of Danville., as seen in Table G.1.

In 2010, the City of Danville’s overall demand represents \$186,307,146 out of \$469,640,910 of the MSA’s overall demand. However, the MSA has a leakage of \$7 million in full-service restaurants which could potentially support 10,000 to 17,500 square feet of full service restaurant space.

Table II.G.1

City of Danville Share of MSA Market		
2010		
Industry Category	Demand in MSA	Demand in City of Danville
Daily Needs		
Supermarkets	\$ 100,959,692	\$ 41,029,438
Specialty Food Stores	\$ 649,851	\$ 326,077
Pharmacies & drug stores	\$ 13,619,826	\$ 8,418,720
GAFO		
General Merchandise	\$ 170,738,578	\$ 60,720,805
Clothing and clothing accessories	\$ 26,750,593	\$ 9,153,088
Furniture and home furnishing stores	\$ 17,836,483	\$ 7,221,303
Electronic and appliance stores	\$ 14,776,480	\$ 1,920,191
Sporting goods, hobby, book, and music stores	\$ 3,426,313	\$ 2,311,541
Office supplies, stationery, gift stores	\$ 2,127,733	\$ 552,593
Bldg Materials, Garden Equip & Supply stores	\$ 25,093,739	\$ 9,600,652
Food Service		
Full-service restaurants	\$ 49,717,438	\$ 18,934,369
Limited service eating places	\$ 43,944,184	\$ 26,118,369
Total:	\$ 469,640,910	\$ 186,307,146

Source: BBP LLC, ESRI, 2011

e. Retail

In the 2008 GDS Study, there were leakages of sales from the outer trade areas (up to 30 miles) from the City of Danville, and could support approximately \$30 million in retail sales. In 2008, GDS recommended to locate retail as close together as possible, with a maximum of 25 feet of space between uses. In addition, it was recommended that specialty retailers be located within close proximity to counteract larger businesses. The GDS Study recommended to focus retail recruitment along Main Street (between Market and Floyd Street), North Union Street (between High Street and Spring Street), and the TWD, and afterwards along the peripheral streets to these areas. The City was also recommended to support brokers and property owners with marketing, finding tenants, and providing incentives.

The GDS study reported that the River District could support \$30 million in all retail sales from outer trade areas (30 miles), mostly in food & beverage – full service

restaurants. However, 2010 calculations reflect a surplus for the City of Danville in the Daily Needs, GAFO, and Food Service. In addition, the City of Danville has an opportunity surplus in all retail categories of \$183M. It is notable that the Piedmont Regional Mall is a two mile drive from the intersection of Main St. and Memorial Drive. Specifically, in 2010, the leakages for Electronic/Appliance Stores, Sporting Goods/Hobby/Book/Music Stores, Office Supplies/Stationary/Gift Stores, and Building Materials/Garden Equipment & Supply Stores totaled \$26,416,930.

Table II.G.2

Demand, Supply & Leakage			
2010 - City of Danville, VA			
Industry Category	Demand in City of Danville	Supply in City of Danville	Surplus in City of Danville
Daily Needs			
Supermarkets	\$ 41,029,438	\$ 59,959,619	\$ 18,930,181
Specialty Food Stores	\$ 326,077	\$ 448,297	\$ 122,220
Pharmacies & drug stores	\$ 8,418,720	\$ 14,093,640	\$ 5,674,920
GAFO			
General Merchandise	\$ 60,720,805	\$ 128,371,837	\$ 67,651,032
Clothing and clothing accessories	\$ 9,153,088	\$ 18,329,480	\$ 9,176,392
Furniture and home furnishing stores	\$ 7,221,303	\$ 11,958,203	\$ 4,736,900
Electronic and appliance stores	\$ 1,920,191	\$ 4,881,154	\$ 2,960,963
Sporting goods, hobby, book, and music stores	\$ 2,311,541	\$ 4,851,316	\$ 2,539,775
Office supplies, stationery, gift stores	\$ 552,593	\$ 3,129,577	\$ 2,576,984
Bldg Materials, Garden Equip & Supply stores	\$ 9,600,652	\$ 27,939,860	\$ 18,339,208
Food Service			
Full-service restaurants	\$ 18,934,369	\$ 38,175,126	\$ 19,240,757
Limited service eating places	\$ 26,118,369	\$ 56,709,355	\$ 30,590,986
Total:	\$ 186,307,146	\$ 368,847,464	\$ 182,540,318

Source: BBP LLC, ESRI, 2011

In 2010, the leakages for Electronic/Appliance Stores, Sporting Goods/Hobby/Book/Music Stores, Office Supplies/Stationary/Gift Stores, and Building Materials/Garden Equipment & Supply Stores totaled \$26,416,930.

i. Restaurants

In 2008, GDS suggested capturing 3 percent of the \$45 million leakage, of outer trade areas (up to 30 miles) in restaurant sales; this would equate \$9 million in the River District, and 2 large 4,000 – 5,000 sf chain restaurants, or multiple smaller locally-owned restaurants and bars ranging from 1,500 – 2,000 sf. GDS suggested clustering smaller restaurants at the center of an entertainment district in the TWD, to increase the capture rate to 10 percent from 3 percent. GDS suggested mid-level restaurants with live music and patio/bars as part of the experience.

Using MSA and City data for 2010, there are different leakage and surplus amounts than there were in the GDS 2008 Study. While the City of Danville's share of the Full-service Restaurant sector is \$18,934,369, out of the MSA's \$49,717,438, the City of Danville in 2010 is oversupplied with Full-service restaurants by \$19,240,757. This area includes the regional mall, which contributes to the oversupply in the City of Danville, which has not changed since the GDS Study in 2008. In 2010, the MSA had leakage of \$7 million in Full-service restaurants, which could potentially support 10,000 to 17,500 square feet of Full-service restaurant space. However, in the River District, retail/Food & Beverage has been the weakest sector.

ii. Specialty Goods

In the 2008 GDS Study, it was suggested to capture \$7 million in sales from the outer trade area (up to 30 miles) in miscellaneous retail, and \$5 million from apparel. GDS assumed a 10 percent capture rate for miscellaneous retail, to support 18 miscellaneous businesses. GDS assumed a 5 percent capture rate for apparel, to support 3 – 5 apparel stores in the downtown. The GDS Study's recommendation of types of stores to be more "specialty" considering the lack of department store anchors, recruitment should focus on what the area does not have. In addition, these stores should be clustered together with in-store activities to increase foot traffic.

In 2010, the demand for Apparel (Clothing & Clothing Accessories) was \$9,153,088, with a supply of \$18,329,480, representing a surplus amount of \$9,176,392. While this does account for the regional mall, located in the City of Danville, this is different from the GDS Study, as there does not seem to be an existing market to capture the sales available for this sector of retail.

iii. Home Furnishings

In the GDS Study, it was calculated that the market could support \$5 million in furniture sales, and while unlikely to successfully capture this category of retail, it was suggested to focus on consignment furniture stores and other products and service stores (tile, lighting, etc.) In 2010, demand in Furniture & Home Furnishing Stores is \$7,221,303, while the supply is higher at \$11,958,203, representing a surplus amount of \$4,736,900. It is evident from this surplus, and in line with the GDS Study, that the market does not exist to capture the supply of this sector of retail.

iv. Convenience & Personal Services

In the GDS Study, it was suggested a market to capture \$2.5 million in personal care products, to support 8-12 new businesses. In connection with the expansion of other areas of downtown, there would be an increased need for these store types especially as residential uses was expected to increase. In 2010, however, the demand of Pharmacies & Drug Stores (Health & Personal Care Stores) was \$8,418,720, and the supply was \$14,093,640, representing an oversupply of \$5,674,920.

f. Entertainment, Cultural Arts & Recreation

The GDS Study suggested creating a downtown entertainment district, by attracting anchor attractions with supporting restaurants, bars and/or music clubs. GDS suggested taking advantage of local and regional attractions, but also focus initial recruitment near the Dan River and the TWD, to bolster and encourage residential development. In coordination with restaurant and entertainment uses, it was recommended the City spearhead public improvements and marketing campaigns to promote new development.

II. Economic Analysis of Catalyst Projects

A. Summary

The following Technical Memorandum conveys the findings of economic analyses of four catalyst redevelopment projects in the Danville River District. The four projects were selected based on evaluation using the following criteria:

- Market supportable reuse
- Building condition
- Parking availability
- Ownership
- Compatibility with surrounding uses
- Access and circulation
- Proximity to attractions
- Available tax credits
- Opportunity for phased development

Three of the four projects are the subjects of financial analysis and limited fiscal and economic impact analysis, which uses certain operating assumptions based the characteristics of the local real estate market and recent trends in the River District. Projects were programmed for uses that reflect the stated interests of the current owners and/or prospective investors. The fourth project was the subject of a fiscal and economic impact analysis, to illustrate economic benefits to the City of Danville. All four projects utilize the maximum available state and federal historic rehabilitation tax credits. The projects include:

- 541 Bridge St., Pemberton & Penn Building, Hotel
- 401 Bridge St., RJR Building, Office
- 315 Lynn St., Smith Seed Building, Apartments
- 109 Main St., Dan River R&D Building, Office, Mixed Use

The financial analyses also assume equity investment of 25% of the total project value, with a minimum desired rate of return of 11%. Debt equals the amount remaining after investor equity and state federal historic rehabilitation tax credit equity is factored in. This analysis recognizes that tight conventional lending practices for real estate development projects could dictate higher levels of equity, which may require additional gap funding from other sources.

Other key localized operating assumptions are:

- Hotel
 - An average daily rate of \$110 per room night is programmed for Year 1, and is comparable to existing limited service, national franchise lodging properties in Danville.
- Office
 - Rent for high Class B office space is programmed at \$14 per square foot plus expenses in Year 1, comparable to advertised office properties in Danville.
- Apartment
 - Rent for 2-bedroom, 2-bath units is programmed at \$1,000 per month, comparable to existing rehab properties in the River District.

B. 541 Bridge Street (Pemberton Building) Financial Analysis

a. Building Program

Several potential investors have expressed interest in adapting the 70,000-square foot Pemberton Building into a boutique hotel which could not only serve downtown Danville, but also complement the attractions at the Crossing and otherwise generate additional activity in the River District.

Each of the building's six stories comprises approximately 11,600 square feet. The conceptual development program suggests a lobby and meeting/event/other uses on the third floor, which is accessible from Bridge Street. The fourth and fifth floors could accommodate thirty 400-square-foot guest rooms each, double loaded with rooms on either side of a central corridor. The sixth floor could be redeveloped as a later phase into more lodging, or possibly residential uses, which is not included in the financial analysis. The second floor could eventually be adaptively reused for commercial or residential use, while the first floor is suitable for storage.

b. Capital Costs

The hotel is conceptualized as a limited service lodging facility without food and beverage service. Unit costs are derived based on a combination of hotel development cost data and discussions with developers who have rehabbed buildings in the TWD. Rooms are programmed at 400 square feet each, which includes a 50-square-foot bath. Approximate costs for furniture, fixtures and equipment (FF&E) are derived from the HVS [Hotel Development Cost Survey 2010](#), as is pre-opening and working capital. The property acquisition price was obtained from the building owner. Total projected development costs for the 60-room boutique hotel equal approximately \$6.87 million. Development cost per room equals approximately \$114,507,

compared to an average cost of \$98,000 per comparable room in a new product, according to the aforementioned report.

Table III.B.1

Pemberton Building Hotel Capital Costs					
Category	Count	Square		Unit	Total Cost
		Feet	Total SF	Cost	
Rooms	60	350	21,000	\$120	\$2,520,000
Restrooms	60	50	3,000	\$175	\$525,000
Lobby & Meeting Space	1	11,600	11,600	\$100	\$1,160,000
Lobby Restrooms	2	200	400	\$175	\$70,000
Circulation	1	8,750	8,750	\$100	\$875,000
Subtotal, Building					\$5,150,000
Furniture, Fixtures & Equipment	64			\$9,500	\$608,000
Pre-Opening and Working Capital	64			\$4,100	\$262,400
Property Acquisition					\$850,000
Total					\$6,870,400
Development Cost per Room					\$114,507

Source: BBP LLC 2011

c. Operating Pro Forma

Revenues — The hotel is conceptualized as a limited service lodging facility without food and beverage. An average daily rate of \$110 per room night is programmed for Year 1, and is comparable to existing limited service, national franchise lodging properties in Danville. The occupancy rate is projected at 55 percent in Year 1, stabilizing at 65 percent by Year 4. Other income may be derived from the rental of meeting and event space in the facility, and is based on data from the HVS survey for comparable properties. Total annual revenues are projected to equal approximately \$1.4 million in Year 1, increasing to \$1.7 million in Year 4 at stabilization.

Expenses — Expenses are calculated using average industry standards for comparable product, derived from the Smith Travel Research U.S. Hotel Operating Statistics Study, Report for the Year 2010. Expenses are calculated to equal approximately \$847,157 in Year 1, increasing to approximately \$1.0 million in Year 4.

Net Operating Income — Net operating income is projected to equal approximately \$659,054 in Year 4 at stabilization. See Table III.B.2.

Table III.B.2

Pemberton Hotel Concept 10-Year Operating Pro Forma										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues										
Room Count	60	60	60	60	60	60	60	60	60	60
Occupancy	55.0%	58.0%	61.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%
Room Nights Sold	12,045	12,702	13,359	14,235	14,235	14,235	14,235	14,235	14,235	14,235
Average Daily Rate	\$110	\$110	\$113	\$113	\$115	\$115	\$117	\$117	\$120	\$120
Annual Room Revenue	\$1,324,950	\$1,397,220	\$1,509,567	\$1,608,555	\$1,637,025	\$1,637,025	\$1,665,495	\$1,665,495	\$1,708,200	\$1,708,200
Telecommunications	\$2,650	\$2,794	\$3,019	\$3,217	\$3,274	\$3,274	\$3,331	\$3,331	\$3,416	\$3,416
Other Operated Departments	\$33,124	\$34,931	\$37,739	\$40,214	\$40,926	\$40,926	\$41,637	\$41,637	\$42,705	\$42,705
Other Income	\$23,849	\$25,150	\$27,172	\$28,954	\$29,466	\$29,466	\$29,979	\$29,979	\$30,748	\$30,748
Total Revenues	\$1,384,573	\$1,460,095	\$1,577,498	\$1,680,940	\$1,710,691	\$1,710,691	\$1,740,442	\$1,740,442	\$1,785,069	\$1,785,069
Expenses										
Rooms	\$319,313	\$336,730	\$363,806	\$387,662	\$394,523	\$394,523	\$401,384	\$401,384	\$411,676	\$411,676
Telecommunications	\$8,681	\$9,155	\$9,891	\$10,539	\$10,726	\$10,726	\$10,912	\$10,912	\$11,192	\$11,192
Other Operated Departments	\$25,174	\$26,547	\$28,682	\$30,563	\$31,103	\$31,103	\$31,644	\$31,644	\$32,456	\$32,456
Total Departmental Expenses	\$353,168	\$372,432	\$402,378	\$428,764	\$436,352	\$436,352	\$443,941	\$443,941	\$455,324	\$455,324
Administrative & General	\$127,381	\$134,329	\$145,130	\$154,646	\$157,384	\$157,384	\$160,121	\$160,121	\$164,226	\$164,226
Marketing	\$83,074	\$87,606	\$94,650	\$100,856	\$102,641	\$102,641	\$104,427	\$104,427	\$107,104	\$107,104
Utility Costs	\$74,767	\$78,845	\$85,185	\$90,771	\$92,377	\$92,377	\$93,984	\$93,984	\$96,394	\$96,394
Property Operations & Maintenance	\$76,152	\$80,305	\$86,762	\$92,452	\$94,088	\$94,088	\$95,724	\$95,724	\$98,179	\$98,179
Management Fees	\$44,306	\$46,723	\$50,480	\$53,790	\$54,742	\$54,742	\$55,694	\$55,694	\$57,122	\$57,122
Property Taxes	\$48,157	\$49,361	\$50,595	\$51,860	\$53,156	\$54,485	\$55,847	\$57,244	\$58,675	\$60,141
Insurance	\$15,230	\$16,061	\$17,352	\$18,490	\$18,818	\$18,818	\$19,145	\$19,145	\$19,636	\$19,636
Reserve for Capital Replacement	\$24,922	\$26,282	\$28,395	\$30,257	\$30,792	\$30,792	\$31,328	\$31,328	\$32,131	\$32,131
Other Expenses	\$493,989	\$519,511	\$558,549	\$593,122	\$603,999	\$605,328	\$616,270	\$617,666	\$633,467	\$634,934
Total Annual Expenses	\$847,157	\$891,943	\$960,927	\$1,021,886	\$1,040,351	\$1,041,680	\$1,060,211	\$1,061,607	\$1,088,791	\$1,090,258
Net Operating Income	\$537,415	\$568,152	\$616,570	\$659,054	\$670,340	\$669,011	\$680,231	\$678,835	\$696,278	\$694,811

Source: Smith Travel Research; BBP LLC 2011

d. Cash Flow Pro Forma

Capital Structure — 541 Bridge Street is located within a registered historic district and is therefore eligible for both state and federal historic preservation tax incentives in the form of rehabilitation tax credits. The state tax credit equals 25 percent of the amount spent in a certified rehabilitation of a certified historic structure. The federal tax credit equals 20 percent of the amount spent in a certified rehabilitation of a certified historic structure. Credits can be syndicated through the use of limited partnerships, which are a common tool for bringing investors into a rehabilitation project. Typically in Danville, the investor/partner provides 75 percent of the value of the tax credits as equity in the project for the use of 100 percent of the tax credits towards their own tax obligations.

Qualified rehabilitation expenditures include hard and soft construction costs, but do not include sitework, new additions to the building, furniture fixtures and equipment, and property acquisition. For this project, state historic tax credit equity is estimated to equal approximately \$965,625, and federal historic tax credit equity is estimated to equal approximately \$772,500. Due to the continuance of tight credit policies by conventional lenders, we project a 25 percent developer equity requirement equaling approximately \$1.7 million, based on total development costs of \$6.9 million. Conventional debt is estimated at approximately \$3.4 million at a 7.5 percent interest rate over a ten-year period, amortized at 25 years. Annual debt service is estimated to equal approximately \$306,333.

Return on Investment — The calculation of the owner/operators internal rate of return assumes a reversion, or sale of the property, at the end of ten years. The reversion price of \$6.0 million is calculated by dividing the Year 10 NOI of \$694,811 by a going out capitalization rate of 11.5 percent. (Integra Realty Resources [Real Estate Value Trends Viewpoint 2011](#))

Based on these assumptions, we estimate the owner/operators after tax internal rate of return to equal approximately 17.3 percent on an equity investment of \$1.7 million. This return on investment would probably render the project economically feasible and desirable for many investors. Nonetheless, the tight credit environment could continue to constrain development by requiring higher levels of equity in the project, lowering returns and increasing risk.

Table III.B.3

Pemberton Building Hotel Cash Flow Pro Forma											
Project Cash Flow	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Calculation of Taxable Income											
Net Operating Income		\$537,415	\$568,152	\$616,570	\$659,054	\$670,340	\$669,011	\$680,231	\$678,835	\$696,278	\$694,811
Less: Depreciation		-\$175,549	-\$175,549	-\$175,549	-\$175,549	-\$175,549	-\$175,549	-\$175,549	-\$175,549	-\$175,549	-\$175,549
Less: Interest		-\$246,253	-\$242,498	-\$238,508	-\$234,269	-\$229,765	-\$224,980	-\$219,895	-\$214,493	-\$208,753	-\$202,654
Taxable Income (or loss)		\$115,614	\$150,105	\$202,513	\$249,236	\$265,026	\$268,483	\$284,788	\$288,794	\$311,977	\$316,608
Calculation of Equity Cash Flow After Tax											
Taxable Income (or loss)		\$115,614	\$150,105	\$202,513	\$249,236	\$265,026	\$268,483	\$284,788	\$288,794	\$311,977	\$316,608
Plus: Depreciation		\$175,549	\$175,549	\$175,549	\$175,549	\$175,549	\$175,549	\$175,549	\$175,549	\$175,549	\$175,549
Less: Principal Repaid		-\$60,080	-\$63,835	-\$67,825	-\$72,064	-\$76,568	-\$81,353	-\$86,438	-\$91,840	-\$97,580	-\$103,679
Cash Flow Before Tax	-\$1,717,600	\$231,082	\$261,819	\$310,237	\$352,721	\$364,007	\$362,678	\$373,899	\$372,503	\$389,945	\$388,478
Less: Tax @ 31% ¹		-\$35,840	-\$46,533	-\$62,779	-\$77,263	-\$82,158	-\$83,230	-\$88,284	-\$89,526	-\$96,713	-\$162,697
Cash Flow After Tax	-\$1,717,600	\$195,242	\$215,286	\$247,458	\$275,458	\$281,849	\$279,449	\$285,615	\$282,976	\$293,233	\$3,050,019
Capital Structure											
Capital Costs	\$6,870,400										
Developer Equity @ 25%	\$1,717,600										
State Historic Tax Credit Equity ²	\$965,625										
Federal Historic Tax Credit Equity ³	\$772,500										
Debt	\$3,414,675										
Interest Rate	7.50%										
Loan Term	25										
Debt Service	\$306,333										
Debt Coverage Ratio, Year 4	1.75										
Going Out Cap Rate	11.5%										
Reversion Price	\$6,041,836										
After Tax IRR	17.3%										

¹Plus 20% capital gains tax in Year 10 at reversion

²25% of eligible costs sold to investor at \$0.75 on the dollar

³20% of eligible costs sold to investor at \$0.75 on the dollar

Source: BBP LLC 2011

e. Fiscal and Economic Benefits

Real Estate Tax — Property improvements at 541 Bridge Street will increase the assessed taxable value of the overall property, and therefore add net new property tax revenue to the City of Danville. Based on a current assessed value of \$273,500 and total capital costs (including property acquisition and improvements) of \$6.87 million, and a real estate tax rate of \$0.73 per \$100 of assessed value, we estimate net new annual real estate tax revenues to the City of Danville of approximately \$48,157.

Lodging Tax — The City of Danville imposes a 6 percent transient lodging tax on the rental of guest rooms in any hotel. Based on annual room revenue of \$1.78 million at stabilization in Year 4, we estimate annual lodging tax revenues to equal approximately \$106,763.

Employment and Earnings — A 60-room limited service hotel will require approximately one full-time-equivalent employee per five rooms, or a total of twelve employees comprising management, desk clerks, room attendants, and janitorial workers. Based on data from the Bureau of Labor Statistics, we estimate an average salary of \$21,065, with total associated wages and salaries of approximately \$252,780.

New Visitation and Spending — A new hotel in the River District holds the potential for hosting events such as meetings and weddings, or supporting events that could be held at other facilities such as those at The Crossing. Business travelers who choose to stay in a River District Hotel can avail themselves of the district's food & beverage and retail opportunities. In any case, lodging in the River District will serve as an activity generator that should enhance and support local businesses and public amenities. Based on a 2010 Dunn & Bradstreet estimate of offsite spending amounting to 20 percent of lodging expenditures, we conservatively estimate net new spending in the local economy to equal approximately \$371,890 annually.

C. 401 Bridge Street (RJR Building) Financial Analysis

a. Building Program

Due in large measure to the efforts of the City of Danville, the Office Economic Development, and key partners such as the Industrial Development Authority and the Danville Regional Foundation, office rehabs have become integral to the River District's revitalization over the past decade. The combination of business attraction efforts, economic incentives, and the availability of historic buildings in an attractive, urban riverfront environment have been effective in attracting new and expanding businesses and institutions to the River District.

The following building program envisions high Class B office space in the top three stories of the 55,000-square-foot former warehouse building at 401 Bridge Street, which will

comprise 42,000 square feet of gross building area. The analysis assumes a pre-leasing effort resulting in 50 percent occupancy in the first full year of operation.

b. Capital Costs

Building construction hard costs are estimated to equal \$75 per square foot, and include construction labor and materials. Building soft costs are estimated to equal \$20 per square foot, and include engineering, construction loan interest carry, insurance, etc. A tenant fit out allowance of \$25 per square foot includes partitions and other finishes to accommodate individual tenants. The acquisition price of \$675,000 is the amount of the consideration in last sales transaction in 2006. Total development costs are estimated to equal approximately \$5.7 million.

Table III.C.1

401 Bridge Street Building Capital Costs			
Category	Square Feet	Unit Cost	Total Cost
Building Hard Costs	42,000	\$75	\$3,150,000
Building Soft Costs	42,000	\$20	\$840,000
Tenant Improvements	42,000	\$25	\$1,050,000
Subtotal, Building			\$5,040,000
Property Acquisition			\$675,000
Total			\$5,715,000

Source: BBP LLC 2011

c. Operating Pro Forma

Revenues — Leases are assumed to be triple net, with the tenant paying insurance, pro rata share of utilities, and cleaning. Rent is programmed for \$14 per square foot in Year 1, with annual escalations of 2.5 percent. Occupancy is projected at 50% in Year 1, reaching 92 percent in Year 5 at stabilization. Total annual revenue is projected to equal \$531,436 in Year 5.

Expenses — Expenses include general and administrative (5 percent), management fee (4 percent), property taxes, and replacement reserve (5 percent), and are estimated to equal \$84,554 in Year 5.

Net Operating Income — Based on revenues of \$531,436 and expenses of \$87,658, we project a net operating income of \$446,882 in Year 5 at stabilization.

Table III.C.2

401 Bridge Street Office Concept 10-Year Operating Pro Forma										
Net Operating Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:										
Gross Building Area	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Efficiency Factor	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Net Rentable Area	37,380	37,380	37,380	37,380	37,380	37,380	37,380	37,380	37,380	37,380
Average Occupancy	50%	60%	70%	80%	92%	92%	92%	92%	92%	92%
Occupied Space (RSF)	18,690	22,428	26,166	29,904	34,390	34,390	34,390	34,390	34,390	34,390
Rental Rate NNN, 2.5% Esc.	\$14.00	\$14.35	\$14.71	\$15.08	\$15.45	\$15.84	\$16.24	\$16.64	\$17.06	\$17.48
Annual Total Revenue	\$261,660	\$321,842	\$384,869	\$450,847	\$531,436	\$544,721	\$558,339	\$572,298	\$586,605	\$601,271
Expenses										
General & Administrative	\$13,083	\$13,345	\$13,612	\$13,884	\$14,161	\$14,445	\$14,734	\$15,028	\$15,329	\$15,635
Management Fee	\$10,466	\$10,676	\$10,889	\$11,107	\$11,329	\$11,556	\$11,787	\$12,023	\$12,263	\$12,508
Property Taxes	\$39,388	\$39,388	\$39,388	\$40,373	\$40,373	\$40,373	\$41,382	\$41,382	\$41,382	\$42,417
Replacement Reserve	\$18,690	\$18,690	\$18,690	\$18,690	\$18,690	\$18,690	\$18,690	\$18,690	\$18,690	\$18,690
Annual Total Expenses	\$81,628	\$82,099	\$82,579	\$84,054	\$84,554	\$85,064	\$86,593	\$87,123	\$87,664	\$89,251
Net Operating Income										
Total Annual Revenues	\$261,660	\$321,842	\$384,869	\$450,847	\$531,436	\$544,721	\$558,339	\$572,298	\$586,605	\$601,271
Total Annual Expenses	\$81,628	\$82,099	\$82,579	\$84,054	\$84,554	\$85,064	\$86,593	\$87,123	\$87,664	\$89,251
Net Operating Income	\$180,032	\$239,743	\$302,290	\$366,793	\$446,882	\$459,658	\$471,747	\$485,175	\$498,941	\$512,020

Source: BBP 2011

d. Cash Flow Pro Forma

Capital Structure — 401 Bridge Street is located within a registered historic district and is therefore eligible for both state and federal historic tax credits as described in the previous section. For this project, state historic tax credit equity is estimated to equal approximately \$748,125, and federal historic tax credit equity is estimated to equal approximately \$598,500. We project a 25 percent developer equity requirement equaling approximately \$1.4 million, based on total development costs of \$5.7 million. Conventional debt is estimated at approximately \$2.9 million at a 7.5 percent interest rate over a ten-year period, amortized at 25 years. Annual debt service is estimated to equal approximately \$263,716.

Return on Investment — The calculation of the owner/operators internal rate of return assumes a reversion, or sale of the property, at the end of ten years. The reversion price of \$5.9 million is calculated by dividing the Year 10 NOI of \$505,246 by a going out capitalization rate of 8.75 percent (Integra Realty Resources Real Estate Value Trends Viewpoint 2011).

Based on these assumptions, we estimate the owner/operators after tax internal rate of return to equal approximately 12 percent on an equity investment of \$1.4 million. This return on investment may render the project economically feasible and desirable for investors. Constraints to development could include conventional lenders' potential higher requirement for equity.

Table III.C.3

401 Bridge Street Office Building Concept Cash Flow Pro Forma											
Project Cash Flow	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income		\$180,032	\$239,743	\$302,290	\$366,793	\$446,882	\$459,658	\$471,747	\$485,175	\$498,941	\$512,020
Less: Depreciation		-\$146,538	-\$146,538	-\$146,538	-\$146,538	-\$146,538	-\$146,538	-\$146,538	-\$146,538	-\$146,538	-\$146,538
Less: Interest		-\$211,994	-\$208,762	-\$205,327	-\$201,678	-\$197,800	-\$193,681	-\$189,303	-\$184,653	-\$179,711	-\$174,461
Taxable Income (or loss)		-\$178,500	-\$115,557	-\$49,575	\$18,577	\$102,543	\$119,439	\$135,905	\$153,984	\$172,692	\$191,021
Calculation of Equity Cash Flow After Tax											
Taxable Income (or loss)		-\$178,500	-\$115,557	-\$49,575	\$18,577	\$102,543	\$119,439	\$135,905	\$153,984	\$172,692	\$191,021
Plus: Depreciation		\$146,538	\$146,538	\$146,538	\$146,538	\$146,538	\$146,538	\$146,538	\$146,538	\$146,538	\$146,538
Less: Principal Repaid		-\$51,722	-\$54,954	-\$58,389	-\$62,038	-\$65,916	-\$70,035	-\$74,412	-\$79,063	-\$84,005	-\$89,255
Cash Flow Before Tax		-\$83,684	-\$23,973	\$38,574	\$103,077	\$183,166	\$195,942	\$208,031	\$221,459	\$235,225	\$3,264,958
Less: Tax @ 31% (or Tax Savings) ¹		\$55,335	\$35,823	\$15,368	-\$5,759	-\$31,788	-\$37,026	-\$42,130	-\$47,735	-\$53,534	-\$262,591
Cash Flow After Tax	-\$1,428,750	-\$28,348	\$11,850	\$53,943	\$97,318	\$151,378	\$158,916	\$165,900	\$173,724	\$181,691	\$3,002,366
Capital Structure											
Capital Costs	\$5,715,000										
Developer Equity @ 25%	\$1,428,750										
State Historic Tax Credit Equity ²	\$748,125										
Federal Historic Tax Credit Equity ³	\$598,500										
Debt	\$2,939,625										
Interest Rate	7.50%										
Loan Term	25										
Debt Service	\$263,716										
Debt Coverage Ratio, Year 4	1.39										
Going Out Cap Rate	8.75%										
Reversion Price	\$5,851,655										
After Tax IRR	12.0%										

¹ Plus 20% capital gains tax in Year 10 at reversion

² 25% of eligible costs sold to investor at \$0.75 on the dollar

³ 20% of eligible costs sold to investor at \$0.75 on the dollar

Source: BBP LLC 2011

e. Fiscal and Economic Benefits

Real Estate Tax — Property improvements at 401 Bridge Street will increase the assessed taxable value of the overall property, and therefore add net new property tax revenue to the City of Danville. Based on a current assessed value of \$319,300 and total capital costs (including property acquisition and improvements) of \$5.72 million, and a real estate tax rate of \$0.73 per \$100 of assessed value, we estimate net new annual real estate tax revenues to the City of Danville of approximately \$39,388.

Employment and Earnings — While the provision of new office space does not in and of itself create employment, it is certainly necessary to support new employment in white collar industry sectors as existing space inventory is absorbed. Assuming that redevelopment of 401 Bridge Street into office is just one element in a broader strategy to attract business to Danville, we can project employment and earnings that could be *supported* in the new space. Based on a net rentable area of 37,380 square feet, and average allocation of 300 square feet per employee, the development program for 401 Bridge Street could support approximately 125 workers.

Danville has had recent success in attracting well paying, high tech business to the River District. For example, half of Luna Nanoworks 20 or so employees have advanced degrees. Using U.S. Bureau of Labor Statistics data for Danville, we see that Business and Financial Operations occupations average \$47,970 in mean annual salary, Computer and Mathematical occupations average \$52,670 in mean annual salary, and Life, Physical and Social Science occupations average \$61,670 in mean annual salary. Office and Administration occupations average \$27,260 in mean annual salary. Assuming that half, or 75 workers, fall into the support category and that 15 workers each fall into the three high tech categories, we estimate annual earnings supported by the building at \$4.5 million.

Other Tangible and Intangible Impacts — New daytime workers will support businesses and otherwise contribute to the vitality of Downtown Danville and the River District. For example, if each of the 125 workers in 401 Bridge Street spend \$10 in downtown food & beverage establishments per week, they would generate \$65,000 in annual spending in the downtown micro-economy. The exposure of a relatively large cohort of new workers to the River District and its residential opportunities should also have the effect of renewing interest in downtown living and investment therein.

D. 315 Lynn Street (Smith Seed Building) Financial Analysis

a. Building Program

Potential investors have expressed interest in the Smith Seed Building for rehab to apartments in response to recent demand from employees of the Danville Regional

Medical Center. The four story building is 36,800 square feet building and has 21 parking spaces on site. The conceptual development program is for 20 rental apartments of 1,200 square feet each. Rent is programmed at \$1,000 per month plus utilities, which is consistent with similar properties in the Warehouse District.

b. Capital Costs

Building construction hard costs are estimated to equal \$95 per square foot, and include construction labor and materials. The ground floor is programmed as a lobby/common area, with estimated hard costs of \$50 per foot. Building soft costs are estimated to equal 30 percent of hard costs, and include engineering, construction loan interest carry, insurance, etc. A tenant fit out allowance of \$25 per square foot includes partitions and other finishes to accommodate individual tenants. The acquisition price of \$289,000 equals the current asking price. Total development costs are estimated to equal approximately \$4.3 million.

Table III.D.1

315 Lynn Street Building Capital Costs			
Category	Square Feet	Unit Cost	Total Cost
Building Hard Costs	27,600	\$95	\$2,622,000
Lobby/Common Area Hard Costs	9,200	\$50	\$460,000
Building Soft Costs			\$924,600
Subtotal, Building			\$4,006,600
Property Acquisition			\$289,000
Total			\$4,295,600

Source: BBP LLC 2011

c. Operating Pro Forma

Revenues — Rent is programmed for \$1,000 per month plus utilities in Year 1, with annual escalations of 2.5 percent. Occupancy is projected at 50 percent in Year 1, reaching 92 percent in Year 5 at stabilization. Total annual revenue is projected to equal \$264,915 in Year 5.

Expenses — Expenses include general and administrative (5 percent), utilities, property taxes, and replacement reserve (\$2,000), and are estimated to equal \$42,060 in Year 5.

Net Operating Income — Based on revenues of \$264,915 and expenses of \$42,844, we project a net operating income of \$222,071 in Year 5 at stabilization.

Table III.D.2

315 Lynn Street Apartments Concept 10-Year Operating Pro Forma										
Net Operating Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues:										
Units	20	20	20	20	20	20	20	20	20	20
Occupancy	50%	80%	100%	100%	100%	100%	100%	100%	100%	100%
Monthly Rent	1,000	1,025	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249
Annual Total Revenue	\$120,000	\$196,800	\$252,150	\$258,454	\$264,915	\$271,538	\$278,326	\$285,285	\$292,417	\$299,727
Expenses										
General & Administrative	\$6,000	\$6,120	\$6,242	\$6,367	\$6,495	\$6,624	\$6,757	\$6,892	\$7,030	\$7,171
Utilities	\$2,000	\$2,050	\$2,101	\$2,154	\$2,208	\$2,263	\$2,319	\$2,377	\$2,437	\$2,498
Property Taxes	\$31,358	\$31,358	\$31,358	\$32,142	\$32,142	\$32,142	\$32,945	\$32,945	\$32,945	\$32,945
Replacement Reserve	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Annual Total Expenses	\$41,358	\$41,528	\$41,702	\$42,663	\$42,844	\$43,029	\$44,022	\$44,215	\$44,412	\$44,614
Net Operating Income										
Total Annual Revenues	\$120,000	\$196,800	\$252,150	\$258,454	\$264,915	\$271,538	\$278,326	\$285,285	\$292,417	\$299,727
Total Annual Expenses	\$41,358	\$41,528	\$41,702	\$42,663	\$42,844	\$43,029	\$44,022	\$44,215	\$44,412	\$44,614
Net Operating Income	\$78,642	\$155,272	\$210,448	\$215,791	\$222,071	\$228,509	\$234,305	\$241,070	\$248,004	\$255,113

Source: BBP 2011

d. Cash Flow Pro Forma

Capital Structure — 315 Lynn Street is located within a registered historic district and is therefore eligible for both state and federal historic tax credits. For this project, state historic tax credit equity is estimated to equal approximately \$751,238, and federal historic tax credit equity is estimated to equal approximately \$600,990. We project a 25 percent developer equity requirement equaling approximately \$1.1 million, based on total development costs of \$4.3 million. Conventional debt is estimated at approximately \$1.9 million at a 7.5 percent interest rate over a ten-year period, amortized at 25 years. Annual debt service is estimated to equal approximately \$167,712.

Return on Investment — The calculation of the owner/operators internal rate of return assumes a reversion, or sale of the property, at the end of ten years. The reversion price of \$4.1 million is calculated by dividing the Year 10 NOI of \$255,113 by a going out capitalization rate of 6.25 percent. (Integra Realty Resources Real Estate Value Trends Viewpoint 2011)

Based on these assumptions, we estimate the owner/operators after tax internal rate of return to equal approximately 10.1 percent on an equity investment of \$1.1 million. This return on investment may be just under that which could be desirable to investors (11% estimated), and additional capital in the way of grants and/or low interest gap funding may be required to solve for feasibility.

Table III.D.3

315 Lynn Street Apartment Building Concept Cash Flow Pro Forma											
Project Cash Flow	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income		\$78,642	\$155,272	\$210,448	\$215,791	\$222,071	\$228,509	\$234,305	\$241,070	\$248,004	\$255,113
Less: Depreciation		-\$110,144	-\$110,144	-\$110,144	-\$110,144	-\$110,144	-\$110,144	-\$110,144	-\$110,144	-\$110,144	-\$110,144
Less: Interest		-\$134,819	-\$132,763	-\$130,579	-\$128,258	-\$125,792	-\$123,172	-\$120,389	-\$117,431	-\$114,288	-\$110,949
Taxable Income (or loss)		-\$166,321	-\$87,635	-\$30,274	-\$22,611	-\$13,865	-\$4,807	\$3,772	\$13,495	\$23,572	\$34,020
Calculation of Equity Cash Flow After Tax											
Taxable Income (or loss)		-\$166,321	-\$87,635	-\$30,274	-\$22,611	-\$13,865	-\$4,807	\$3,772	\$13,495	\$23,572	\$34,020
Plus: Depreciation		\$110,144	\$110,144	\$110,144	\$110,144	\$110,144	\$110,144	\$110,144	\$110,144	\$110,144	\$110,144
Less: Principal Repaid		-\$32,893	-\$34,948	-\$37,133	-\$39,454	-\$41,919	-\$44,539	-\$47,323	-\$50,281	-\$53,423	-\$56,762
Cash Flow Before Tax		-\$89,070	-\$12,440	\$42,737	\$48,079	\$54,359	\$60,797	\$66,593	\$73,358	\$80,293	\$2,330,236
Less: Tax @ 31% (or Tax Savings) ¹		\$51,559	\$27,167	\$9,385	\$7,009	\$4,298	\$1,490	-\$1,169	-\$4,183	-\$7,307	-\$106,440
Cash Flow After Tax	-\$1,073,900	-\$37,510	\$14,727	\$52,122	\$55,089	\$58,657	\$62,287	\$65,423	\$69,174	\$72,985	\$2,223,797
Capital Structure											
Capital Costs	\$4,295,600										
Developer Equity @ 25%	\$1,073,900										
State Historic Tax Credit Equity ²	\$751,238										
Federal Historic Tax Credit Equity ³	\$600,990										
Debt	\$1,869,473										
Interest Rate	7.50%										
Loan Term	25										
Debt Service	\$167,712										
Debt Coverage Ratio, Year 4	1.29										
Going Out Cap Rate	6.25%										
Reversion Price	\$4,081,813										
After Tax IRR	10.1%										

¹ Plus 20% capital gains tax in Year 10 at reversion

² 25% of eligible costs sold to investor at \$0.75 on the dollar

³ 20% of eligible costs sold to investor at \$0.75 on the dollar

Source: BBP LLC 2011

E. 109 Main Street Fiscal and Economic Analysis

a. Building Program

The Danville Research and Development building at 109 Main Street is important by virtue of its location at the intersection of Main and Bridge Streets, on the riverfront, where Downtown meets the Tobacco Warehouse District. Its reactivation into any number of uses would have positive implications for the economic vitality of the River District. For the purposes of demonstrating the potential economic benefits of a reactivated 109 Main Street, we have conceptualized a mixed-use commercial office use with retail, food & beverage, and personal and professional services on the ground floor.

109 Main Street is configured as three attached buildings, the main one being four stories and 51,144 square feet with a one story, 1,313-square-foot attachment, and the secondary one being three stories and 47,493 square feet. The project is presented in two phases.

b. Capital Costs

Building construction hard costs are estimated to equal \$75 per square foot, and include construction labor and materials. Building soft costs are estimated to equal \$20 per square foot, and include engineering, construction loan interest carry, insurance, etc. A tenant fit out allowance of \$25 per square foot includes partitions and other finishes to accommodate individual tenants. An acquisition price of \$500,000 equals the amount of the consideration in last sales transaction in 2007. Total development costs are estimated to equal approximately \$6.6 million for Phase I and \$5.7 million for Phase II.

Table III.E.1

109 Main Street Building Capital Costs			
Phase I			
Category	Square Feet	Unit Cost	Total Cost
Building Hard Costs	51,144	\$75	\$3,835,800
Building Soft Costs	51,144	\$20	\$1,022,880
Tenant Improvements	51,144	\$25	\$1,278,600
Subtotal, Building			\$6,137,280
Property Acquisition*			\$500,000
Total			\$6,637,280
Phase II			
Category	Square Feet	Unit Cost	Total Cost
Building Hard Costs	47,493	\$75	\$3,561,975
Building Soft Costs	47,493	\$20	\$949,860
Tenant Improvements	47,493	\$25	\$1,187,325
Total			\$5,699,160

*2007 transfer price

Source: BBP LLC 2011

c. Fiscal and Economic Benefits

Taxes to the City — Annual tax revenues will be generated to the City from several sources: real estate, personal property, and meals tax. Based on a property valuation on completion at \$6.37 million for Phase I and \$5.70 million for Phase II, and a real estate tax rate of \$0.73 per \$100 of assessed value, we estimate net new annual real estate tax revenues to the City of Danville of approximately \$90,000 per year.

Personal property taxes are estimated at 20% of real property taxes, and are projected to equal approximately \$18,000 per year. Meals tax is calculated based on 4,552 square feet of restaurant space at \$280 in sales per square foot, for a total of approximately \$1.27 in annual sales. At 6%, the annual meals tax is estimated at approximately \$76,000.

All taxes are estimated in 2011 dollars.

Table III.E.2

Calculation of Recurring Tax Revenue	
Phase I	
Real Estate Taxes	
Property Valuation	\$6,637,280
Tax @ \$0.73/\$100	\$48,452
Personal Prop. Tax @ 20% Est.	\$9,690
Meals Tax	
Restaurant SF	4,552
Est. Sales/SF	\$280
Annual Sales	\$1,274,508
Meals Tax @ 6%	\$76,471
Phase II	
Real Estate Taxes	
Property Valuation	\$5,699,160
Tax @ \$0.73/\$100	\$41,604
Personal Prop. Tax @ 20% Est.	\$8,321
Project	
Total Recurring Tax Revenue	\$184,538

Source: City of Danville; BBP LLC 2011

Full Time Equivalent Jobs — Development of new commercial uses within the building complex will create and support permanent jobs, and generate significant wages and salaries that will, in turn, be re-spent throughout the local economy. The direct jobs and wages created and supported through this development are a key factor in assessing economic benefits of new commercial uses.

There will be a wide variety of direct full-time equivalent employment (FTE) generated through the operation and management of new commercial enterprises. To estimate jobs created, the analysis utilizes a combination of data provided by the Bureau of Labor Statistics, the *Statistical Abstract of the United States*, the Urban Land Institute, and various industry resources. Reasonable assumptions have also been made regarding workers per square foot, and staffing and wage levels. Table III.E.3 shows estimated staffing levels for the proposed tenant mix, including restaurant, retail, and service. FTE jobs in commercial office space are calculated at one per 250 square feet of net rentable area.

Table III.E.3

Calculation of Supportable Workers	
Phase I	
Building Floor Area (SF)	51,144
Efficiency Factor	89%
Net Rentable Area	45,518
Office Area @ 75%	34,139
SF Per Office Employee	300
Supportable Office Employees	114
Retail Area @ 25%	11,380
Merchandise	6,828
Employees	8
Restaurant	4,552
Employees	35
Phase II	
Building Floor Area (SF)	47,493
Efficiency Factor	89%
Net Rentable Area	42,269
Office Area @ 67%	28,320
SF Per Office Employee	300
Supportable Office Employees	94
Retail Area @ 33%	13,949
Personal & Professional Services	13,949
Employees	14
Project	
Total Net New River District Workers	265

Source: BBP LLC 2011

Employment and Earnings —The 265 FTE jobs supported by the development are projected to earn approximately \$11.9 million annually in 2011 dollars, at build-out and stabilization.

Table III.E.4

Annual Employment Estimate Worksheet							
Phase I							
Job Classification	No. of FTE Jobs	% of Total Emp.	Annual Hours	Total Hours	Avg. Hourly Wage	Avg. Ann. Wage	Total Ann. Wages
General Office							
Managers	12	10%	2,080	24,960	\$43.61	\$90,709	\$1,088,506
Professional	51	45%	2,080	106,512	\$27.92	\$58,074	\$2,973,829
Administrative Support	51	45%	2,080	106,512	\$14.29	\$29,723	\$1,522,064
Subtotal	114	100%		237,985			\$5,584,398
Retail - Merchandise							
Managers	2	25%	2,080	4,160	\$15.41	\$32,053	\$64,106
Counter Sales	6	75%	2,080	12,480	\$14.51	\$30,181	\$181,085
Subtotal	8	100%		16,640			\$245,190
Restaurant							
Managers	2	6%	2,080	4,160	\$13.08	\$27,206	\$54,413
Chef and Head Cooks	2	6%	2,080	4,160	\$21.87	\$45,490	\$90,979
Cooks	6	17%	2,080	12,480	\$9.98	\$20,758	\$124,550
Bartenders	3	9%	2,080	6,240	\$8.42	\$17,514	\$52,541
Food Prep	5	14%	2,080	10,400	\$8.37	\$17,410	\$87,048
Food Servers	12	34%	2,080	24,960	\$8.04	\$16,723	\$200,678
Dishwashers/Buspersons	5	14%	2,080	10,400	\$8.07	\$16,786	\$83,928
Subtotal	35	100%		72,800			\$694,138
Phase II							
Job Classification	No. of FTE Jobs	% of Total Emp.	Annual Hours	Total Hours	Avg. Hourly Wage	Avg. Ann. Wage	Total Ann. Wages
General Office							
Managers	14	10%	2,080	29,120	\$43.61	\$90,709	\$1,269,923
Professional	42	45%	2,080	88,359	\$27.92	\$58,074	\$2,466,973
Administrative Support	42	45%	2,080	88,359	\$14.29	\$29,723	\$1,262,645
Subtotal	94	100%		205,837			\$4,999,541
Retail - Services							
Managers	2	14%	2,080	4,160	\$17.75	\$36,920	\$73,840
Support	12	86%	2,080	24,960	\$12.47	\$25,940	\$311,280
Subtotal	14	100%		29,120			\$385,120
Project							
Total	265						\$11,908,387

Source: Bureau of Labor Statistics; BBP LLC 2011

F. Summary of Economic Impact of Catalysts

At build-out and stabilized occupancy, the four projects analyzed in this study will generate the following estimated economic impacts:

- \$29.2 million in new investment
- Estimated 385 new workers in the River District
- 40-50 new residents in the River District
- 14,000 annual lodging guests in the River District
- \$210,000 in annually recurring tax revenues to the City
- Potential for over \$550,000 in annual spending at local food & beverage establishments

III. River District Redevelopment Implementation Plan

A. Overview

The following Technical Memorandum conveys findings and recommendations for implementation of the Danville River District Redevelopment Plan. The report is divided into six sections. The first section identifies various public incentives and funding sources applicable to redevelopment and revitalization of the River District. The second section is a discussion of key assets in Danville that can impact redevelopment. Section Three covers the phasing of near term projects, while Section Four recommends tools to market and promote catalyst projects. Section Five contains recommendations for negotiating public/private partnership deals. The final section identifies and describes Phase II public and private sector projects.

B. Available Relevant Incentive Programs

a. Overview

The City of Danville has very effectively utilized all of the resources at its disposal to implement various economic development initiatives, including redevelopment and reactivation of underutilized building stock.

b. Local

Real Estate Tax Abatement Program — The City of Danville offers a Real Estate Tax Abatement Program for properties in the City’s historic districts, including Downtown and the Tobacco Warehouse districts. The investment incentive is available for qualified rehabilitation of residential, commercial or industrial, and hotel or motel structures. For residential structures, the real estate tax exemption applies to the incremental increase in assessed value as a direct result of the rehabilitation for a period of fifteen years. For qualifying non-residential structures, the exemption is for a period of five years at a descending rate as follows:

- Year 1: 100%
- Year 2: 80%
- Year 3: 60%
- Year 4: 40%
- Year 5: 20%
- Year 6: 0%

Downtown Danville Enhancement Grant — This grant is also available for qualified rehabilitation of residential, commercial or industrial, and hotel or motel structures in the Downtown and the Tobacco Warehouse districts, among others. It is typically a negotiated amount that is awarded on a case by case basis. The Enhancement Grant and Tax Abatement programs are mutually exclusive – it is up to the potential recipient to decide which program is most advantageous to their specific project.

Danville Industrial Development Authority — The Industrial Development Authority (IDA) functions to issue tax-exempt bonds to provide financing to induce industrial, commercial, and governmental enterprises and institutions of higher education to locate and remain in the City. As a non-profit entity, the IDA is a legal vehicle which can facilitate the purchase and rehabilitation of historic buildings through a combination of equity investment of its own capital funds with a combination of grants and debt financing. Prospective tenants are incentivized to rent the buildings for an amount roughly equaling debt service and operating costs, with an option to buy for an amount equal to the outstanding principle. Both Luna Nanoworks and Noblis were attracted to the Warehouse District (Old Belt 1 & 2) through similar arrangements.

Enterprise Zone Incentives — Enterprise Zone Incentives are targeted primarily to potential businesses. Grants are available for the creation of new jobs by targeted industries within the enterprise zone (which comprises most of the River District). Other incentives include exemptions from certain permit and license fees, assistance programs, and a façade program for certain historic structures.

c. State

Historic Rehabilitation Tax Credit — The State of Virginia Historic Rehabilitation Tax Credit equals 25 percent of the amount spent in a certified rehabilitation of a certified historic structure. Credits can be syndicated through the use of limited partnerships, which are a common tool for bringing investors into a rehabilitation project. Typically in Danville, the investor/partner provides 75 percent of the value of the tax credits as equity in the project for the use of 100% of the tax credits towards their own tax obligations. Qualified rehabilitation expenditures include hard and soft construction costs, but do not include sitework, new additions to the building, furniture fixtures and equipment, and property acquisition.

Commonwealth Transportation Board Transportation Enhancement Grants — Transportation Enhancement Grants support projects such as hiking and biking trails, crosswalks, pedestrian walkways, sidewalks and streetscaping, and transportation-related tourism initiatives. In 2010, \$21.9 million in grants were awarded to support 71 projects throughout the State of Virginia.

Virginia Department of Transportation (VDOT) — Relevant VDOT funding programs include:

- *Economic Development Access Funds:* According to VDOT, these funds can be used to provide “adequate access to economic development sites on which new or substantially expanding manufacturing, processing, research and development facilities, distribution centers, regional service centers, corporate headquarters or other establishments that also meet basic employer criteria as determined by the Virginia Economic Development Partnership...”
- *Access Programs:* The Access Roads programs provide for the construction, improvement, or maintenance of roads serving new or expanding economic development sites, recreational sites, or airports.
- *Revenue Sharing Program:* Provides additional funding for use by a county, city, or town to construct or improve the highway systems.

Industrial Revitalization Fund (IRF) — The objective of this new \$3 million program is to revitalize derelict commercial and industrial structures by providing local governments with grants to stimulate strategic private investment. Targeted primarily to distressed communities, the IRF will provide grants up to \$600,000 for construction projects aligned with local and regional economic development strategies. Towns, cities, or counties can apply for the funding, which is intended for publicly-owned properties, or for loans from local governments to private property owners. IRF grants require a 1:1 match from public or private funds.

Virginia Tobacco Indemnification and Community Revitalization Commission Economic Development Program — The Commission offers seven grant programs that are intended to accomplish the economic revitalization and diversification of Virginia’s tobacco growing region. The objective of the program is to build regional economic development capacity to diversify the economic base through creation or improvement of sites, buildings, and utility infrastructure, workforce training facilities, tourism infrastructure, etc. Eligible applicants include local governments, economic development organizations, and IRS-designated nonprofits.

d. Federal

Historic Rehabilitation Tax Credit — The Federal Historic Rehabilitation Tax Credit equals 20% of the amount spent in a certified rehabilitation of a certified historic structure. Other technical aspects of the program are similar to the State’s program.

New Markets Tax Credits (NMTC) — The NMTC program provides 39% of investment tax credit in economically distressed census tracts, to facilitate major investments and creating jobs, for operating businesses and real estate projects in low-income communities. The River District is identified as being eligible for new markets tax credits. The NMTC must be

claimed over a seven year period, and continues to be a highly competitive award process. In order to be eligible to apply and receive the NMTC, the funds are awarded to a qualified Community Development Entity (CDE). A CDE is “a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in Low-Income Communities.” An entity must apply for CDE designation before applying for the tax credit. When applying for CDE qualification, the entity must be a domestic corporation or partnership at time of certification application, having a primary mission of serving or providing investment capital for low-income communities or low-income persons, and evidence that ongoing community and resident (low-income) participation is maintained throughout all projects.

Rural Business Enterprise Grant (RBEG) — This grant program is used to support the development of small emerging private business enterprises in rural areas. Small and emerging businesses generally employ 50 or fewer new employees and have less than \$1,000,000 in projected annual gross revenues. This grant opportunity can be provided to public bodies (cities or counties), and private non-profit corporations that serve the proposed area. This grant is evaluated on the level of commitment of the project to benefit small businesses (in expansion of the establishment), the level of non-federal dollars associated with the project, and the creation of jobs. Generally, grants range from \$10,000 up to \$500,000.

C. Leveraging Assets

a. Overview

Danville’s economic development successes over the past decade or so are well documented. The partnerships between the City, its Economic Development Department, the Industrial Development Authority, the Danville Regional Foundation, and other stakeholders have been very effective in attracting business and reactivating underutilized space in the River District. This partnership of public, non-profit, and private entities should be considered Danville’s most important asset with regard to its future economic prosperity. An awareness of other key assets in Danville and their ability to enhance economic development initiatives will be crucial to implementing the River District Redevelopment Plan.

b. Key Assets

A list of key assets in Danville (and their characteristics) is as follows:

Averett University — The River District is a recent beneficiary of the expansion of Averett University’s academic programs. The University will occupy 40,000 square feet in the former Dimon Headquarters building at 512 Bridge Street, utilizing the space as classrooms for their health science program as well as administrative offices. The University’s goal

is to increase traditional student enrollment from 883 in 2011 to 1,100 by 2014. The University is committed to the River District's revitalization, and would seriously consider taking additional space in the River District if future needs dictate.

Danville Regional Medical Center — The Danville Regional Medical Center is Danville's second largest employer with approximately 1,340 workers. According to local real estate professionals, medical center employees have recently occupied vacant apartments in the River District, and local medical professionals have shown interest in investing in and occupying River District properties. River District stakeholders should continue to find ways to capitalize on expansion of the regional medical center.

River District High Tech Businesses and Institutional Presence — If nothing succeeds like success, then the attraction of businesses like Noblis, Luna Nanoworks, Lifebatt, Horizontech, Infinity Global Packaging, and Averett University is an excellent example. The River District has essentially a high tech industry cluster at its core, which can be leveraged to attract like-minded businesses.

Public and Private Amenities — The River District is approaching what is known in urban economics parlance as "critical mass", which is reached when residences, businesses, food & beverage establishments, cultural amenities, and natural attractions combine to form a destination attraction. *Crossing at the Dan* represents a key cluster of public and cultural amenities, which should figure prominently in the branding of the River District. The new YMCA that is to locate across the river from the district should also serve as an activity generator, attracting Danville residents into the downtown and creating awareness of its attractive qualities.

As the revitalized River District reaches its critical mass and generates more workers, residents, and visitors, it should have mutual beneficial effects on underutilized assets and points of interest outside of the district. The Museum of Fine Arts & History, the AAF Tank museum, and the North Theater should all derive some enhanced benefits from revitalization.

D. Phasing of Near-Term Projects

a. Redevelopment Projects

The Danville River District Redevelopment Plan has identified four catalyst projects as having the ability to advance in the next development cycle, which include:

- 541 Bridge St., Pemberton & Penn Building, Hotel
- 401 Bridge St., RJR Building, Office
- 315 Lynn St., Smith Seed Building, Apartments
- 109 Main St., Dan River R&D Building, Office, Mixed Use

The projects listed above have garnered various levels of interest from potential investors as of late. Nonetheless, key elements must come together to bring projects to fruition, such as agreement on an acquisition price, the assembly of an effective funding/financing package, and in some cases, significant pre-leasing of space. The City is well aware of their roles, responsibilities, and limitations in implementing these projects and can lend considerable assistance, but ultimately it is the private sector investor who must pull together all of the critical components to make the project happen.

b. Public Improvement Projects

Recommended Phase I public improvement projects include a redesigned intersection at Main and Bridge Streets near the riverfront, improvements to Main Street and a new park in the downtown. More detailed descriptions and illustrations are shown in the promotional brochure contained in Section 4 of this memo.

Various mechanisms can be accessed to fund proposed public improvements for the River District, including some of those listed in Section 1 (particularly Transportation Enhancement Grants and VDOT programs, subject to applicability and availability). Most grants require a 1:1 match of local funds however, which still may not cover the total costs of improvement projects. It is therefore incumbent upon the City to commit to providing adequate funds to implement these projects to ensure that these key components of the Redevelopment Strategy are carried out. The City of Danville has made such a commitment, as their official policy states below:

River District – Public Investment Policy

A strong central urban core is vital to any City's economic strength. River District investments will benefit the entire City and the region. Public investments should foster the overall goal of attracting more people to live, work, and play in the District. This includes supporting residential and economic developments, as well as seeking ways to build upon the existing assets to attract people to the area. The Dan River and public spaces such as the Carrington Pavilion are good examples of ways to attract people to the district for recreation and entertainment.

In order to achieve the full potential of the River District Development Plan, policies and strategies are needed to guide development and implementation of public improvements that would stimulate private property improvement and expanded commerce in the District. The use of public dollars must be seen as investments in Danville's future, not merely as expenditures. Public funds should be used primarily for infrastructure and public improvements, but should also be strategically allocated towards projects that cannot otherwise be implemented solely with private dollars.

It is critically important that the City establish revitalization of the River District as an urgent top priority in terms of its attention and funding. The City should commit to at least \$10 million of its own funds over the next five years to improve the River District and leverage investments by foundations and private developers. Based on the phasing strategy identified in the plan, the City should use its cash reserves to immediately undertake approximately \$4.1 million of recommended Phase I improvements on Main Street and institute a five-year capital improvement plan (CIP) to encourage development and improve the District's public amenities, urban environment, walkability, and connections with the river. This approach would allow the City to guide desired redevelopment of the River District in a strategic manner one fiscal year at a time. The purpose is to induce, but not move too far ahead of the market. As with the City's other CIPs, the River District improvement plan should be updated annually to reflect changing conditions. The following principles should guide decisions on public investment in the River District:

1. The City should invest in streetscape, parks, and public parking improvements to leverage private investment. The City should make use of only high quality materials and furnishings to set the standard for the district and ensure durability.
2. Investments made by the City should be strategic in locations in close proximity to areas that have maximum potential for private investment. These have been identified as catalytic projects in this study.
3. Investments made by the City should also be strategic in scale. Large public investments should be matched with private investments that will create the largest possible benefits in terms of increasing the tax base.

The City should take full advantage of grant funding opportunities to support public improvements. Sources could include VDOT Revenue Sharing and other state or federal funding opportunities to leverage local investments. Most grants will require a 1:1 match. This is an excellent way to stretch local funds.

E. Promotion and Marketing of Catalyst Projects

a. River District Promotional Brochure

The primary purpose of the River District Promotional Brochure is to appeal to and generate interest from potential investors/developers. This should be accomplished by presenting the four catalyst projects as potential investments that have undergone preliminary evaluation for feasibility and suitability for redevelopment, and conveying the City's commitment to move forward with public improvements. The brochure also makes mention of the availability of financial incentives, and communicates the City's willingness to assist and work closely with interested parties. The other key targets of the brochure are prospective businesses that are considering locating to Danville.

The brochure can be made available through direct mail, as a handout, or as a downloadable document on the City's website. As projects in the River District move forward, the brochure can be revised and updated to reflect more timely opportunities. The City should also consider making all or parts of the River District Redevelopment Plan available to interested parties as a follow up piece, particularly if they are interested in specific catalyst projects.



DANVILLE RIVER DISTRICT REVITALIZATION

Danville's River District is open for business!

The City of Danville has recently launched a new economic development initiative to redevelop the River District through a combination of planned public improvements and a package of incentives to stimulate the reactivation of historic buildings and attract new businesses. The River District encompasses the heart of the City including two national register historic districts--The Tobacco Warehouse District and the historic downtown--tied together by the beautiful Dan River. The initiative builds on recent successes in the River District in attracting companies such as Noblis, who will establish their Center for Applied High Performance Computing there. Noblis will be joining the other technology companies and educational institutions, such as Luna Nanoworks, Lifebatt, Infinity Global Packaging, Horizontech and Averett University that are already established in the River District. Whether you want to launch a main street storefront business or find a home for a high-tech corporation, the City wants to help you succeed in downtown Danville! For more information, call the office of Economic Development, 427 Patton Street, Danville, VA 24543, phone 434-793-1753.

Brochure design by Allison Platt & Associates

PHASE ONE PLAN

The centerpiece of Danville's economic development resurgence is the River District Redevelopment Plan prepared by a multidisciplinary team led by the real estate advisory services firm BBP & Associates, with Allison Platt & Associates, an urban design firm. The plan incorporates economic feasibility analysis of key redevelopment sites and historic buildings, recommendations for and design of public improvements, and an action plan for implementation, all demonstrating the City's continued commitment to River District revitalization.

The City offers an impressive package of investment incentives, including tax abatements and grants. Most properties in the River District are eligible for both Federal and State historic Rehabilitation Tax Credits. The projects highlighted here are only a sampling of the potential investments that Danville's River District has to offer.

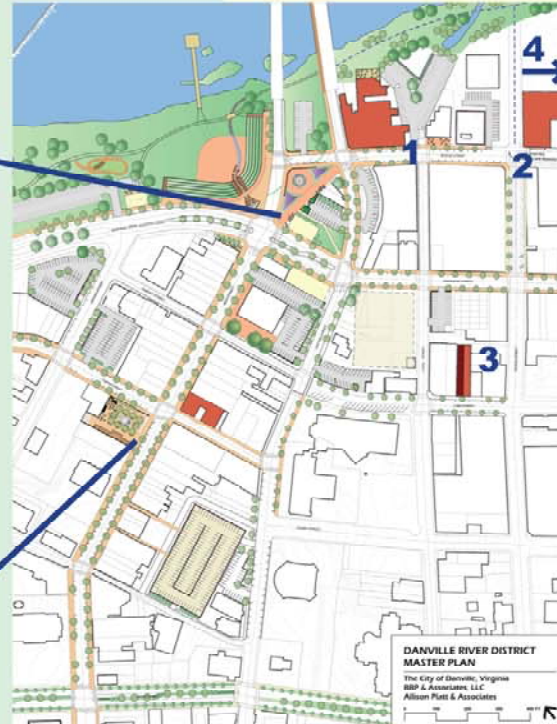


Catalyst Public Projects



The 100% Corner is the nexus between Main Street, the Dan River, and the historic warehouse district. At the present time this intersection is a maze of roadways that discourages walking, so the plan calls for improvements that will tie the three areas together, calm traffic, and at the same time create an exciting new destination at the heart of the River District. It will also serve as a major new gateway to the river.

Improvements to Main Street and a new park will help to attract new businesses and encourage the conversion of the upper floors of commercial buildings by creating an attractive environment for pedestrians with wider sidewalks and room for more amenities such as benches, shade trees and sidewalk dining. The park will be created at the site of a non-contributing building to be demolished in the heart of the downtown commercial area.



Catalyst Private Projects

Four projects were identified as Phase One Catalyst Private Development Projects. Pro formas and/or Benefit Analyses for each of these projects are available from the Department of Economic Development.

1. The Dan River Research Building is prominently located between the river, Main Street, and the historic industrial area. Planned uses include professional office and a restaurant overlooking the river.
2. The RJR Building is planned for office uses. It is near Averett's new River District location and new high-tech companies relocating to the District.
3. The Smith Seed Building is planned for apartments. This building is a quick walk from Main Street, Averett, and Tobacco Warehouse District employers. Condos and rental properties in the District have been well-received and more are in the planning stages.
4. The Pemberton-Penn Building is ideally suited to be a boutique hotel. This distinguished building is located near the river and the successful Crossing at the Dan complex a few blocks to the east of the redevelopment plan area.



PHASE TWO PROJECTS

Private Development Opportunities

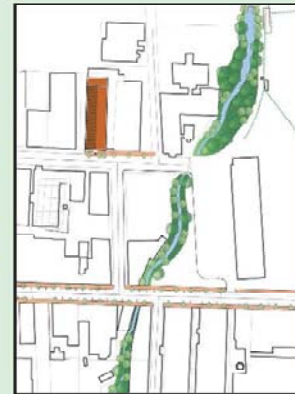


Clockwise from top left: The White Mill Building (600,000 sf, data center or mixed use); River City Towers on Main Street (hotel or residential/mixed use); Main Street historic commercial buildings; the former fire station (possible restaurant conversion).

Public Space Enhancements



(Left) A significant new park, activity center and gateway to the river will be built in the heart of the River District.



(Right) An opportunity exists to daylight a stream that flows through the historic industrial district in order to create an open space amenity for this dense urban area.

a. Creating and Maintaining a Developer/Investor Database

The cataloguing of potential River District developers and investors into a database is a key element of the implementation strategy. Microsoft Access and Excel are appropriate platforms for this kind of database, which can include the names, addresses, and contact information for River District prospects. Additional information on more specific characteristics of a prospect is useful, such as the types of projects they do, where they've worked, etc. A typical record could resemble the following:

Name:	ABC Development Company
Address:	1234 Elm Street Richmond, VA, 12345
Contact Name:	John Smith
Position:	Owner
Phone:	703-555-1212
Email:	js@abcdevco.com
Specialty:	Residential, Multifamily
Building Rehab:	Yes
Historic Tax Credits:	Yes
Previous Danville Experience:	Yes
Project Description:	Cedar Works Apts.

The more information that is contained in individual records, the more effectively potential developers/investors can be targeted for specific projects.

The database would most appropriately be administered by the Office of Economic Development. Information can be obtained from a number of sources, the most effective of which would be local real estate professionals, who deal with real estate developers on a regular basis. Of course, the Office of Economic Development has its own set of contacts as well, comprised of investors and developers with past or current experience with the City.

The City could also reach out to the development community through regional building industry associations, most of which hold regular membership meetings, and several of which are listed below:

Builders & Associates of Southern VA
PO Box 10178, Ste. 28
Danville, VA 24542
Carolyn Stephens
P. (434) 791-3244

Home Builders Association of Richmond
400 N. Ridge Road
Richmond, VA 23229
P. (804) 282-0400
info@hbar.org

North Carolina Home Builders Association
5580 Centerview Dr. Ste. 415
Raleigh, NC 27606
P. (800) 662-7129

Hotel developers should also be included in the database, starting with local owner/operators who know the market and are often wired into the regional network.

The developer database can be utilized as a tool to assist local real estate professionals, as well as providing a list of recipients for public or public/private projects that require a developer solicitation process.

F. Negotiating Public/Private Partnership Deals in the Current Economic Environment

a. Overview

Developing a project on publicly owned land requires a great deal of creativity and considerable negotiating skill. This is especially true today, when the practice of public/private real estate development is under serious constraints imposed by the economic slowdown, overbuilt markets, severe limits on governmental spending, and conservative private lending practices

Still, the current economic downturn is an opportune time for undertaking joint public/private real estate development projects. With a bothersome credit crunch impeding the development of purely private projects and the growing resistance to public fiscal outlays limiting public development efforts, do-it-alone development projects lack financial feasibility. In weak economic and market settings, it is often only a combination of public and private resources that can spark the creation of a feasible development project.

When feasibility depends on high levels of public assistance, the public sector can justifiably insist on financial participation in the project. Talented public sector deal makers, aware of many of the sophisticated deal-sharing techniques emerging from years of public/private venture experience, are acting like hard-driving business partners. In their negotiations with developers, they often are attempting to secure a specified percent of a projects' cash flow through such mechanisms as loan paybacks, participatory leases, and equity participation.

Thus, developers negotiating with the public sector, especially in weaker economic and market settings, have their tasks cut out for them. Developers need to consider various strategies for success in their dealing with the public sector, both in preparing to negotiate and in carrying out negotiations and closing the deal.

b. Preparing to Negotiate

Become aware of key public policy objectives. Negotiations should not even begin before the public sector has reached a consensus on goals for the project. Negotiations will go more smoothly when the developer clearly understands the public sector's key planning, design and social objectives for undertaking the development effort.

Making money may be far down on the wish list of some public officials. A public entity will often accept reduced direct returns in a transaction in order to achieve certain improvements, amenities, or services that it desires.

On the other hand, public officials sometimes overlook long-range public interests and goals in

their eagerness to make attractive shorter-range deals. Astute developers who understand the long-range policy objectives can point out where short-term considerations put the public good at risk and thus impress their public partners with their sensitivity to the public's needs.

Know what tools and resources are at the disposal of the public sector deal maker. The public agency may be authorized to use various direct and indirect techniques of involvement in the financing and development aspects of public/private projects. These tools and resources can be applied to reduce development risks. Awareness of their availability is valuable ammunition in the hands of a developer structuring a public/private venture.

A list of direct techniques of public involvement in a project that could be advantageous to a private developer includes: the provision of subordinated project financing; subsidization of loan interest; the redirection of tax revenues (through, for example, special assessment districts) to pay for public improvements; and provision of financing for certain site preparation tasks like assemblage, relocation of occupants, and clearance.

More indirect modes of public involvement in particular projects may also greatly enhance project feasibility, including: the provision of density bonuses in exchange for inclusion of certain features in the project; the use of the power of eminent domain to assemble the site; allowance of the transfer of development rights from another site; and grants of regulatory relief.

Insist on the appointment of a single spokesperson to represent all public sector interests during project negotiations. Just as necessary as public sector consensus on goals is the communication of a unified public sector position on major development issues. The business negotiations for a public/private venture cannot proceed confidently with dissension and disagreement clouding the position of the public sector partner.

c. Negotiating and Closing the Deal

Keep agreements as simple as possible. Simplicity in business arrangements with public officials favors both sides of the deal. This is particularly true of formulas devised to provide paybacks to public entities that make a financial investment in the project.

Plan projects that are efficient real estate solutions. Although it is tempting to be extravagant and cure inefficiencies with public dollars, this approach does not sit well with today's public sector negotiators who are looking for reduced public exposure. Developers need to plan very carefully for the efficient use of space, efficient parking configurations, economically

practical site coverage, and the inclusion of design elements that limit the project's capital and operating costs.

Talk public entities out of expecting too much of the upside. Naturally, the public will want to share upside rewards and avoid downside risks. Statutory and political considerations make public entities shy of assuming funding risks such as responsibility for cost overruns or for calls for capital. But they most certainly will seek to share in project revenues after development costs are covered.

Developers need to put limits on the expectations of the public sector for direct projects. They can argue that unless the public sector provides "soft capital," that is, low- or no—cash return capital, the project will not go forward. For most public/private projects, projected cash flow must be sufficient to allow some profit to be made by private sector participants before payments are made to public entities.

Indirect benefits compensate the public for its willingness to pursue relatively minor positions in sharing cash flow and to be flexible in its demands for the repayment of public funds used, for example, parking development, open space, or the like. Such indirect benefits include economic development, area revitalizations, tax revenues, and new jobs. Public sector deal makers will often need to be reminded not to seek a too prominent position in projects.

Consider innovative alternative sources of public funding. The public sector may well want to avoid bond issues, tax increases, and other direct public funding of project. As an alternative, it may offer asset bartering (swapping developable land or buildings in exchange for a turnkey public building constructed with private funds), privatization (investing private funds to improve and manage publicly owned properties under a long-term lease), or off-budget financing (such as securitized lease-purchase transactions).

Use of such techniques can be challenged on the basis that public funding in any form should comply with the same restrictions that apply to the issuance of general obligation debt. But in all likelihood, these kinds of innovative arrangements will continue to be used to fund a significant number of public/private projects.

Value indirect public contributions equitably in projecting feasibility. Density bonuses, development rights transfers, and similar indirect development inducements can create value in a project. Because special regulatory permissions involve no cash outlay, some public sector deal makers may assign them a low value. Developers who honestly translate

the value of such involvement into economic terms will win public sector friends in the negotiating process.

Consider asking the public sector to subordinate ground lease payments to the lender.

Public landowners generally prefer to lease the land to the developer. And while lenders can be found that will finance development without subordination of the public entity's title to the land, lenders will be more forthcoming if the lease payments made to the public sector can be subordinated in the lender's favor. Agreement to subordinate can be compensated by a percentage of cash flow – a kicker.

Assign responsibilities for management and maintenance. Clear lines of responsibility must be negotiated in order to determine maintenance needs as well as maintenance expenses and performance of projects with public and private spaces.

Maintain a reservoir of patience. Contentious posturing and an abundance of charges and countercharges are likely to rock public/private development negotiations and produce stalemates. If a key player has not walked away from the table at least once, claim the survivors of some public/private deals, then the deal made probably is not a good one. Neither side has a monopoly on the tactic of “pushing the envelope” to test the endurance and tenacity of the other side.

Do everything possible to avoid the appearance of an improver deal, a public sector giveaway. The public-at-large is often suspicious of deals that were hammered out behind closed doors. But the give-and-take of negotiations makes carrying them on in a fishbowl an impractical option.

Therefore, both sides need to build trust and a political consensus in the community. Often, the public-at-large is less likely to come down on an agreement negotiated by a quasi-public local development corporation. Such entities are governed by elected officials but are not subject to the kind of strict public scrutiny of their real estate deals that other public entities may experience.

Set timetables for the negotiations. Negotiations in public/private deals are prone to waste time and be unresponsive to the other side. Prolonged negotiations can produce a bad deal, which is worse than no deal at all. Establishing time limits usually spurs productive exchange. Developers need to be prepared to walk out if negotiations bog down to such an extent that the viability of the project is threatened.

d. Beware of Bad Deals

In weak markets, local officials may have to offer more to entice developers and lenders to undertake projects. In offering more, they will tend to stake a claim to bigger direct returns. Public entities in a strong negotiation position may even seek a preferred equity position in project cash flow, healthy shares of future refinancing or sales proceeds, or deferred ownership interest in key components of the project.

Although developers are looking to public/private deals to achieve short-term goals such as keeping their personnel busy and maintain a high profile in the marketplace, if too much must be traded for public assistance in the project, the end result may not be worth it. Developers may be better served to resist public assistance if using it will substantially erode potential projects from the project and weaken the long-term prospect of disposing of the project for a reasonable gain.

In a successful public/private project negotiation, both sides need to be responsive not only to each other's needs but also to the realities of structuring such ventures in the political arena and the economic marketplace. Each side must appreciate the risk and reward calculations of the other side.

G. Phase II Projects

a. Redevelopment Projects

Phase II redevelopment projects consist of privately controlled opportunity sites which are considered to have the potential to advance six to nine years from now. However, they are not necessarily precluded from activating in the next development cycle, within four to seven years.

Descriptions of Phase II redevelopment projects and their reuse potential are as follows:

- **Belk-Leggett Building, 416-426 Main Street** — This property has already been partially and successfully rehabbed as office space, with plans drawn up to redevelop the remaining space to apartments. An upward trend in residential demand could trigger development of this project in the next development cycle.
- **First Block, 310-336 Main Street** — A key objective of the redevelopment plan should be to ensure that this block of buildings is maintained at 100% occupancy. At the time of this writing, three of the nine buildings were vacant, six of the nine were in moderate to good condition. The City of Danville owns the Atrium Building, comprising 310 and 312 Main. The ground floors of these buildings are most suited to retail tenants.
- **White Mill Building, 424 Memorial Drive** — This 600,000-square-foot building has been considered as a viable candidate for a data center, which could house computer systems and associated components, such as telecommunications and storage systems. The

building would also be suitable as an incubator for industrial and manufacturing start-ups.

- **Fire Station, 297 Bridge Street** — The fire station will become available on completion and occupation of the new station. Concepts that have been floated for the old station include a brew pub, which could be enhanced by its location on and view of the river.
- **Power Station, 395 Bridge Street** — This building also lends itself to adaptive reuse as a food & beverage establishment given its close proximity to the river. Redevelopment may be problematic due to possible hazardous materials issues.
- **Masonic Temple (River City Towers), 105 S. Union Street** — This iconic, ten-story building could potentially accommodate a mix of uses concurrently, including retail, office, residential, and lodging. The top floor contains meeting and event space, including a small auditorium.
- **Richmond Cedar Works, 401-409 Craghead Street** — This group of buildings comprises a significant amount of floor area, and could be adaptively reused for office and/or residential, possibly with ground floor retail.
- **Danville Post Office, 700 Main Street** — Similar to the courthouse, the post office would seek to accommodate other uses in the event it is vacated.

b. Public Improvement Projects

- **Riverfront Park** — A significant new park, activity center, and gateway to the river in the heart of the district.
- **Linear Stream Park** — An opportunity exists to daylight a stream that flows through the Tobacco Warehouse District.

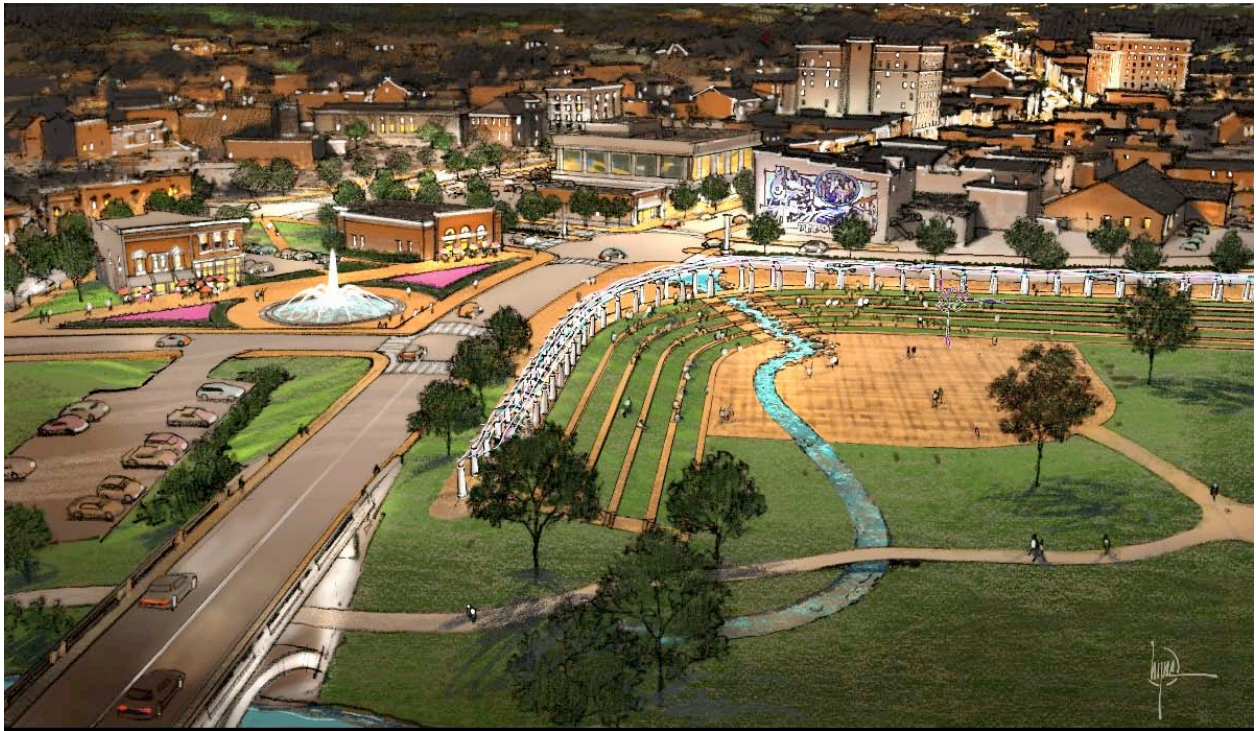
Attachment A: Urban Design Plan

Allison Platt & Associates

Danville River District Redevelopment Plan

I: Urban Design Analysis

II: Urban Design/Open Space Recommendations



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I: Urban Design Analysis

Danville is a City with many physical and natural assets that can combine to help the City grow its population, job base, tax base and image regionally and nationally. In 1728 when William Byrd first camped in what was to become Danville, he predicted that a city would grow there because of its great natural beauty. Since then history has shaped Danville in many ways, and in particular textiles and tobacco made Danville prosperous. Like many American cities that prospered in the late 19th and early 20th centuries, there was a benefit to that prosperity in the many beautiful buildings in the city. But there was also a cost, both human and environmental, and changes in the economy have left many empty buildings and lost jobs. But the legacy of Danville's rich history should not be a story of what was lost, but rather a story of how the City can be transformed. Danville has an unusually attractive and intact inventory of historic residential, commercial, and industrial buildings. The beautiful Dan River is still the heart of the City, even if at the moment it is not the asset it could be. The hills and the verdant setting provide an attractive setting in a region that overall is gaining population and jobs. Many more recent actions by City leadership have capitalized on existing assets and created a financial and strategic infrastructure to revitalize the City. This has resulted in restored historic homes, new businesses, historic industrial buildings redeveloped for housing and new industry, bike and hiking trails along the river, the Science Center Complex and amphitheater, and many other achievements.

There are several urban design issues which, if addressed, will help the City to continue and accelerate redevelopment of the downtown and the Tobacco Warehouse District. These are:

- The many vacant buildings along Main and Craghead Streets; and
- The lack of a direct pedestrian and visual connection to the river at the intersection of Main, Memorial, and Craghead, and between Main Street, the Tobacco Warehouse District and North Danville, caused mainly by the dominance of vehicular circulation.

Most people are aware that the success of Main Street is inextricably tied to the success of the entire community. When business owners consider where to relocate and/or expand, "quality of life" elements can be the deciding factor in this choice. Nearly all decision-makers looking to relocate will tour the proposed business site, and then ask for a tour of the community. If the downtown retail area is largely empty, this is a major constraint on growth, and especially on attracting new businesses from outside the immediate area.

There are other issues to be addressed than the two highlighted above, but most are related to these two main issues/constraints. If these issues are addressed, it will harness the energy of these three areas and allow them to work together to strengthen the image of Danville as a progressive City that celebrates its history, takes full advantage of its unique natural setting, and provides an exceptional setting for family and a supportive environment for business.

Circulation/Access Issues

The *Circulation/Access Issues* map below illustrates many of the issues related to physical constraints on redevelopment.

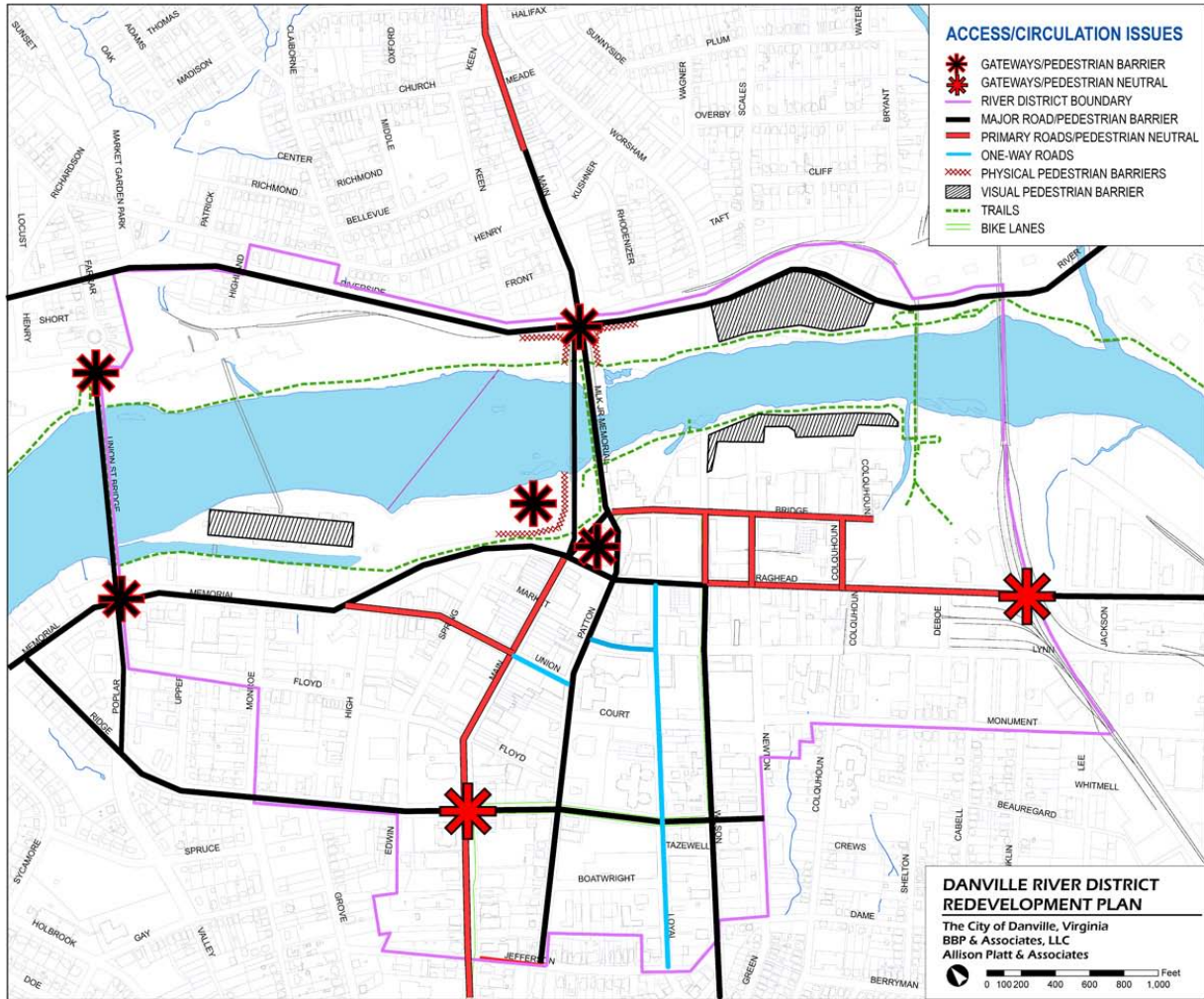


Figure 1.1: Circulation/Access



Figure 1.2: Wilson Street looking north to the river.

In order to be successful, a downtown should be pedestrian friendly and walkable, and for those approaching the downtown by car, clear directions to destination and parking (wayfinding) are also important. An overview of the Circulation map shows that many of the streets feeding the downtown are not pedestrian friendly (these are shown as black lines). In some cases the solution to this problem may be as simple as adding crosswalks or creating continuous sidewalks and trees for shade. In other cases the streets may be wider than is necessary for the traffic they carry. The goal in a downtown should not be to move traffic as fast as possible into and through the downtown, but rather to get vehicles to areas where they can park and walk. If there are roads which currently serve primarily to move traffic through the downtown to destinations elsewhere, then it may be best to consider if such traffic can be redirected elsewhere over the long term. If it cannot be redirected, then speed limits, road narrowing, insertion of medians and crosswalks, planting of trees, addition of bike lanes, and other measures should be undertaken to protect pedestrians and cyclists, improve the image of the district, and create an edge condition more conducive to uses other than strip commercial. Current standards for urban streets in Danville should be re-examined to ensure that over time, improvements include “complete street” elements as mentioned above. The southwest and southeast quadrants of the study area are dominated by these urban “barrier” streets such as Wilson and Ridge, and it is clear that road widening has, over time, led to a deterioration of the quality of the adjoining development.

The roads within the study area that are wide, but more park-like, such as Memorial and Riverside, still do not welcome pedestrians and cyclists. Improvements such as additional crosswalks, continuous sidewalks, bike paths and trees will help to address these issues.

Two streets within the downtown have been improved to be more pedestrian friendly—Bridge Street and Main Street. But these streets are still not completely successful. Both streets would benefit from more benches, color, pedestrian

crosswalks or creating continuous sidewalks and trees for shade. In other cases the streets may be wider than is necessary for the traffic they carry. The goal in a downtown should not be to move traffic as fast as possible into and through the downtown, but rather to get vehicles to areas where they can park and walk. If there are roads which currently serve primarily to move traffic through the downtown to destinations elsewhere, then it may be best to consider if such traffic can be redirected elsewhere over the long term. If it cannot be redirected, then speed limits, road narrowing, insertion of medians and crosswalks, planting of trees, addition of bike lanes, and other measures should be undertaken to protect pedestrians and cyclists, improve the image of the district, and create an edge condition more conducive to uses other than strip commercial. Current standards for urban streets in Danville should be re-examined to ensure that over time, improvements include “complete street” elements as mentioned above. The southwest and southeast quadrants of the study area are dominated by these urban “barrier” streets such as Wilson and Ridge, and it is clear that road widening has, over time, led to a deterioration of the quality of the adjoining development.

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Figure 1.3: Narrow sidewalks on Main Street.

lighting, shade and other amenities such as bike racks. All streets downtown should have well-marked crosswalks at every intersection. In those areas where retail and restaurants are anticipated, it would be highly beneficial to provide sidewalks of sufficient width to allow more pedestrian traffic, seating areas, and areas for sidewalk dining. Right now the sidewalks on Main Street are about 10' wide, and this space is further constricted by large utility poles and other obstructions (see photo at left).

Bridge Street has the original paving stones on the road bed, which tends to slow traffic. The scale of the street is quite friendly to pedestrians, as is the fact that it is not a through street, which keeps traffic light. But the street could still benefit from additional pedestrian amenities such as benches and areas of shade. Crosswalks and bike racks are also needed. Nearby residents and employees regularly use this street, and with the addition of Averett's satellite campus and other possible development this street will need to serve many more pedestrians in the future. These issues and possible solutions will be discussed in greater detail later in this process.

Union Street between Memorial and Main provides access to a secondary retail area off Main, and the section between Main and Patton is also an important pedestrian connection from Main to City Hall. These streets should also be more pedestrian-friendly.

Patton Street between City Hall and Craghead and Craghead Street itself should also be studied to see how they can be made more pedestrian friendly. If possible, Patton Street should become two-way in the future, because the one-way traffic moving downhill encourages vehicles to travel too fast, and the one-way system is also confusing and frustrating for visitors trying to navigate the various downtown destinations. We understand that Craghead now serves as a route to and from work at the Goodyear plant. It is strongly recommended that another route be encouraged for this traffic to help redevelop Craghead Street. (A review of the *Vacant and Underutilized Building* map shows that many of the occupied buildings in the TWD are on Bridge, and many of the unoccupied buildings are on Craghead. This is probably not a coincidence.) Craghead Street has very narrow sidewalks and not amenities, which means it is currently very pedestrian unfriendly. Given the location of the Science Center near the



Figure 1.4: Roadways dominate the "100% Corner."

Rail Station, walking along Craghead Street from the downtown area should be encouraged. Also, the area of Craghead between the Colquhoun and Newtown shows promise as a satellite retail area (especially on the south side) to serve the TWD, but this will be more difficult to accomplish without streetscape improvements.

The traffic pattern at the "100% corner" at the intersection of the MLK bridges, Memorial Drive, Craghead Street, and Main Street is an

area of major concern and major opportunity. It is through this area that all visual, vehicular, and pedestrian connections are made between the TWD, Main Street, North Danville and the river. At the present time this is pedestrian unfriendly and also confusing for motorists. Access to the river from this intersection is actively discouraged, and views are limited. Improving this intersection to allow safe pedestrian connections, visual access to the river and between Main Street, the TWD and North Danville will be an important step in improving Danville's and the River District's image, and will allow these areas to work together to create economic synergy. Reworking the intersection will be part of the solution, but the design quality of any solution will also be important. A water feature or other amenity at the center of this area, visible from across the river and when travelling down Main Street or Memorial Drive, will (re)establish the importance of downtown Danville for citizens and visitors. A traffic circle may be one approach to moving traffic by making it more predictable for pedestrians. This concept will be further developed later in this process.

Another important part of the solution for this area will be to create a park on the northwest corner of the intersection, with direct pedestrian access from the intersection. The park should be a major civic space suitable for large crowds, events, "river watching", and passive recreation, with connections to the Riverwalk. Direct access to the river for kayaks and some type of viewing platform on the river would also be desirable.

At the present time pedestrian (and vehicular) access to the river is constrained in this area by guard rails and topography. Across the river access is also constrained, although there is it mostly limited by the lack of pathways and by land ownership. It would be desirable to enhance the east side of the bridges with open spaces if possible (the west side will be the site for the new YMCA).

Visual access to the river is also blocked in several other locations. The piles of contaminated soil behind the City-owned parking lots off Bridge Street create a barrier to better usage of the riverfront in this area. The White Mill, although an important real estate asset, does form a visual and physical barrier between that river and the land to the south of the mill. It will be important to ensure that the White Mill site is attractively landscaped and that any barriers/fences do not include visible chain link, barbed wire, or razor wire. Lastly, the businesses on the north shore of the river between the MLK bridges and the pedestrian bridge should be relocated in possible to allow this entire section of the river on both sides to form a continuous park-like edge. Views from this land to the TWD are probably particularly attractive, and will become more so as the area redevelops.

Wayfinding will be addressed later, but in regards to circulation and access, and given the complex street layout and topography of Danville, improved wayfinding signage is clearly needed. Wayfinding can accomplish far more than simply directing traffic and establishing gateways: it can establish a new image for the downtown and the city and the historic districts within it.

Opportunities/UD Framework

The Opportunities/Framework drawing forms a bridge between analysis and concepts for the River District. All of the elements shown on the plan are derived from this analysis.

In regards to the circulation system, there are three levels of street enhancements shown. The highest level of “finish” would be for Main, Craghead, Bridge, Union and a portion of Patton Street near City Hall. Bridge Street is already quite attractive and needs minor improvements to make it work better for pedestrians. The other streets will need more substantial improvements, including possibly a change in the cross-section of these roads to provide more generous sidewalks. This will be explored further in the next phase of work. In this scheme, Patton and Spring Streets would provide access to parking for Main Street, so that vehicles would be directed to parking on the parallel streets and then visitors could walk to Main Street. For this to work, Patton Street should become two-way. These “feeder” streets would provide continuous sidewalks, pedestrian lighting, and screened parking, but would have a lower level of “finish” than Main Street. Main Street should have the highest level of finish in the downtown, with attractive sidewalks, pedestrian lighting, banners, benches, bike racks, and hopefully room for outdoor dining and trees.

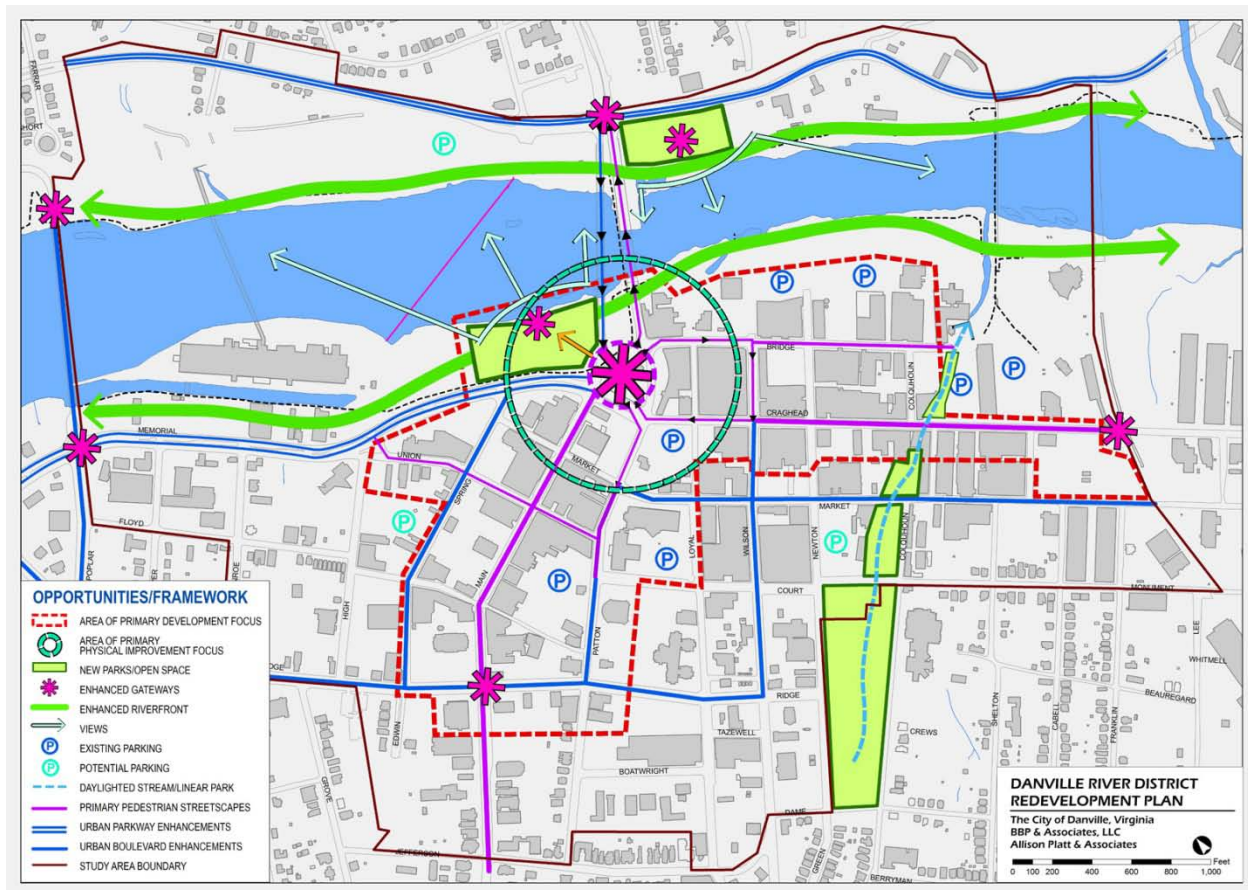


Figure 1.5: Opportunities/Urban Design Framework.

Since Bridge Street is already quite attractive and has an established historic “look” for the TWD, Craghead should be similar in character. If commuter traffic can be rerouted from Craghead, this street should have widened sidewalks, shade, improved lighting, and so on. The overhead utility lines on Craghead are a limiting factor for improvements, and especially for trees, so this should be analyzed in greater detail. If the cost of burying the utilities is prohibitive, then other alternatives can be explored

such as diverting the lines to the backs of buildings, locating the lines on one side and trees on the other, or planting lower-growing trees such as Crepe Myrtles.

Union Street should also be enhanced over time to provide a more attractive setting for this interesting and more eclectic retail area, and to connect it more strongly to Main Street.

Because these are long streets and because streetscape improvements are expensive, we recommend that the area shown in the drawing with an aqua circle be considered the area of highest priority for physical improvements. This area was chosen because it is the point of intersection of all the areas of primary concern in this study: the river, Main Street, and the Tobacco Warehouse District (and North Danville via the bridges). Improvements to this area would set the character for each set of streetscapes (Craghead, Main, and any improvements to Memorial) while establishing a strong connection to the River.

Outside this area of physical improvements an area outlined in red is shown that falls within the larger study area boundaries. This area outlines most of the historic buildings within the study area. Given the large number of vacancies in these buildings (see the map *Vacant and Underutilized Buildings* map), the first priority should be to redevelop these. The areas to the southeast and southwest do not contain many historic buildings and do not have a coherent character, so redevelopment in these areas will become more feasible as the historic areas are redeveloped. In the interim, actions should be taken to stabilize and improve these areas. This lays the groundwork for improvements with suggested actions such as the linear park shown on the southeast side of the study area. Other actions could include streetscape standards (complete streets), and perhaps design guidelines or zoning changes to phase out metal buildings and strip commercial uses, establish screening standards for parking and storage areas, and so on. The appropriate mix uses for these areas will evolve over time as the historic buildings are occupied.

The magenta asterisks shown on the plan are gateways, either vehicular gateways that should signal entry into the downtown, or gateways to the river for pedestrians. The vehicular gateways should begin the wayfinding system with signage that welcomes visitors and also directs them to destinations, attractions and parking. Gateway to the riverfront should be significant new open spaces (shown in green) that frame views, allow visitors to relate to the river, and provide opportunities for events as well as passive open space.

The wide green undulating arrows along the riverfront depict an enhancement of the riverfront. This could include removal of non-native vegetation planting of vegetative screening where needed, provision of additional spaces for interacting with wildlife and the river, introduction of additional appropriate types of vegetation, lighting, artwork, interpretive signage, and restoration of natural systems.

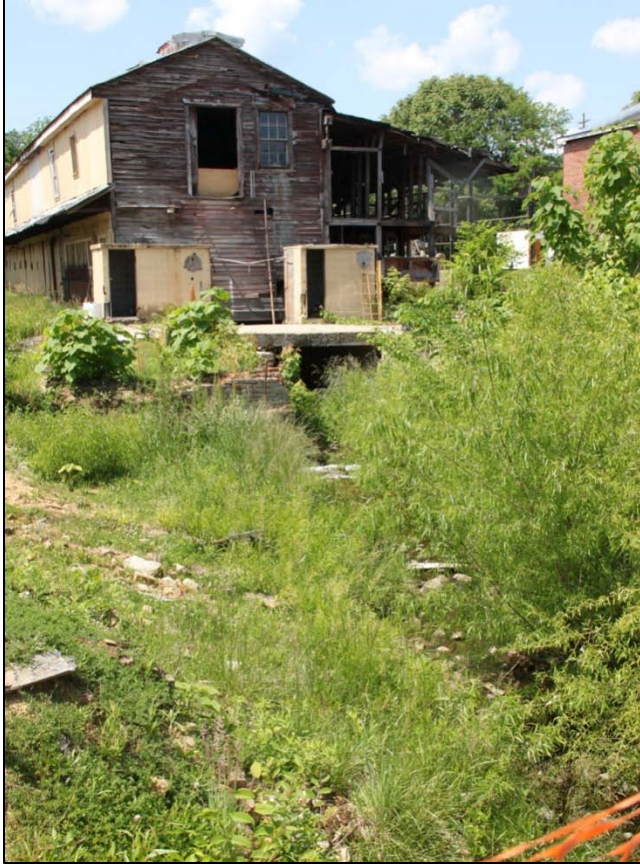


Figure 1.6: The stream is still visible on the site where the new Fire Station is planned.

may make this southeast corner of the study area more likely to be redeveloped with higher and better uses in the future.

Analysis Drawings

Other drawings included in the inventory/analysis for the River District follow this page.

In regards to restoration of natural systems, there is a stream that enters the river near the Crossing at the Dan apartments. This stream can be seen at various locations above the apartments, and it would be worth considering daylighting this stream to the degree possible. There has already been some discussion about doing this on the site where the new Fire Station will be located, but the area upstream from this site could be improved fairly easily as it is already wooded and the stream is already flowing through most of this long block. The stream apparently flows north from the Fire Station site to an area below an abandoned railroad trestle between two warehouses on Craghead. From there it could be acknowledged/daylighted in some areas between Craghead and its outfall. The value in this type of action is many fold—ecological, historical, marketing, and in terms of real estate development potential. The quality, size condition and use of existing buildings on either side of this stream as it moves further away from the riverfront declines, and stream restoration

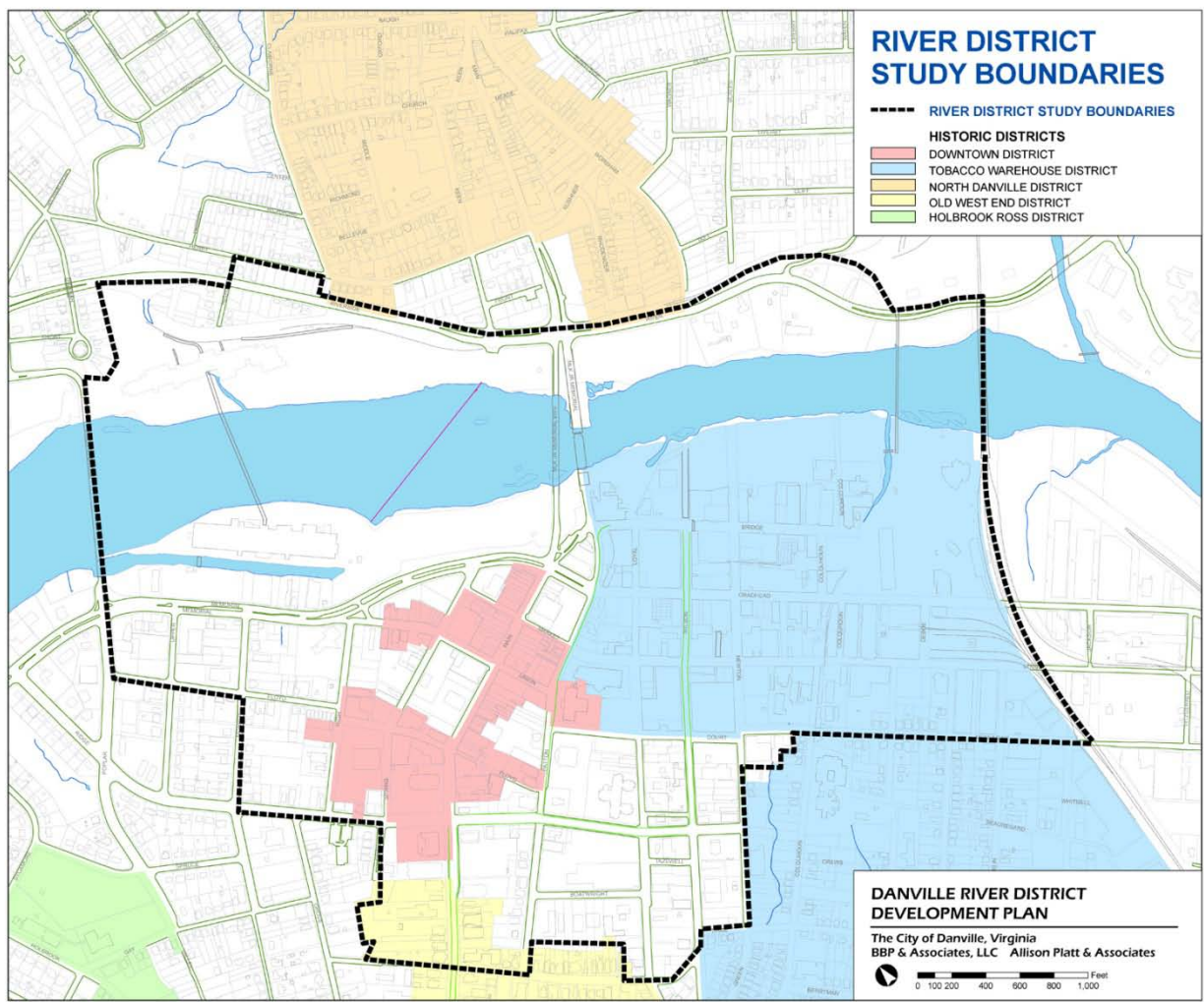
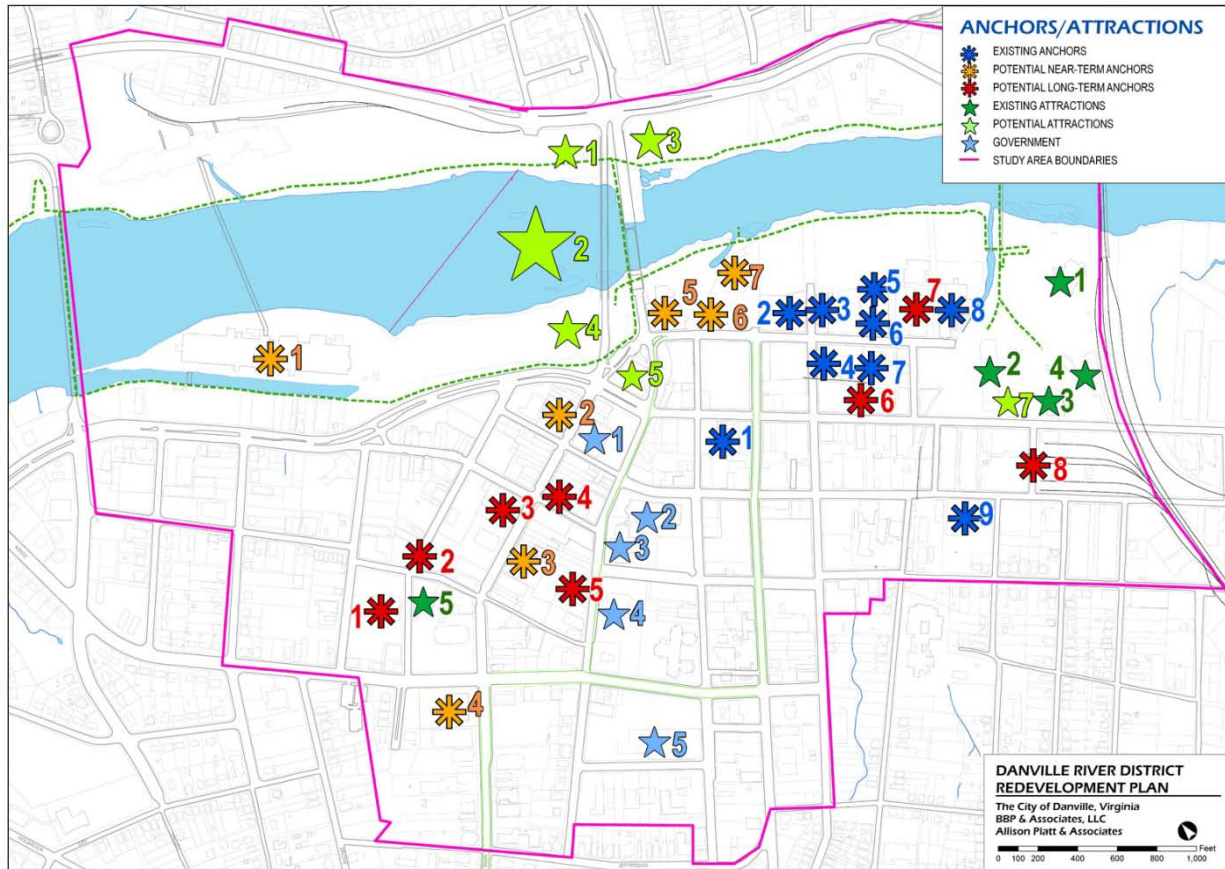


Figure 1.7: River District Boundaries.



DANVILLE RIVER DISTRICT DEVELOPMENT PLAN ANCHORS/ATTRICTIONS KEY	
<p>Existing Anchors (Dark Blue)</p> <ul style="list-style-type: none"> 1 Lindsey Lofts 2 Infinity Global 3 Luna Nanoworks 4 Averett University/DRF Building 5 Horizon Tech 6 Bridge Street Lofts 7 The Burton 8 Dan River Crossing Apts. 9 Lynn Street Lofts 	<p>Potential Long Term Anchors (Red)</p> <ul style="list-style-type: none"> 1 N Floyd Street 2 Downtowner 3 Masonic Temple 4 Parks & Rec Building 5 Lot Across from City Hall 7 Imperial Tobacco Warehouse 8 Pemberton Warehouse Complex 9 Railroad Switching Yard
<p>Potential Near Term Anchors (Orange)</p> <ul style="list-style-type: none"> 1 White Mill 2 First Block of Storefronts on Main 3 Ferrell Building 4 Post Office 5 Dan River Reasearch Building 6 Fire Station 7 Utility Building 	<p>Existing Attractions (Dark Green)</p> <ul style="list-style-type: none"> 1 Amphitheater 2 Farmer's Market 3 Science Center 4 Amtrak Station 5 City Auditorium
	<p>Potential Attractions (Light Green)</p> <ul style="list-style-type: none"> 1 YMCA 2 Dan River 3 Open Space/Passive Park 4 Open Space/Passive Park 5 Gateway to Downtown 6 Digital Theater

Figure 1.8:
Anchors/Opportunities.
Key at left.

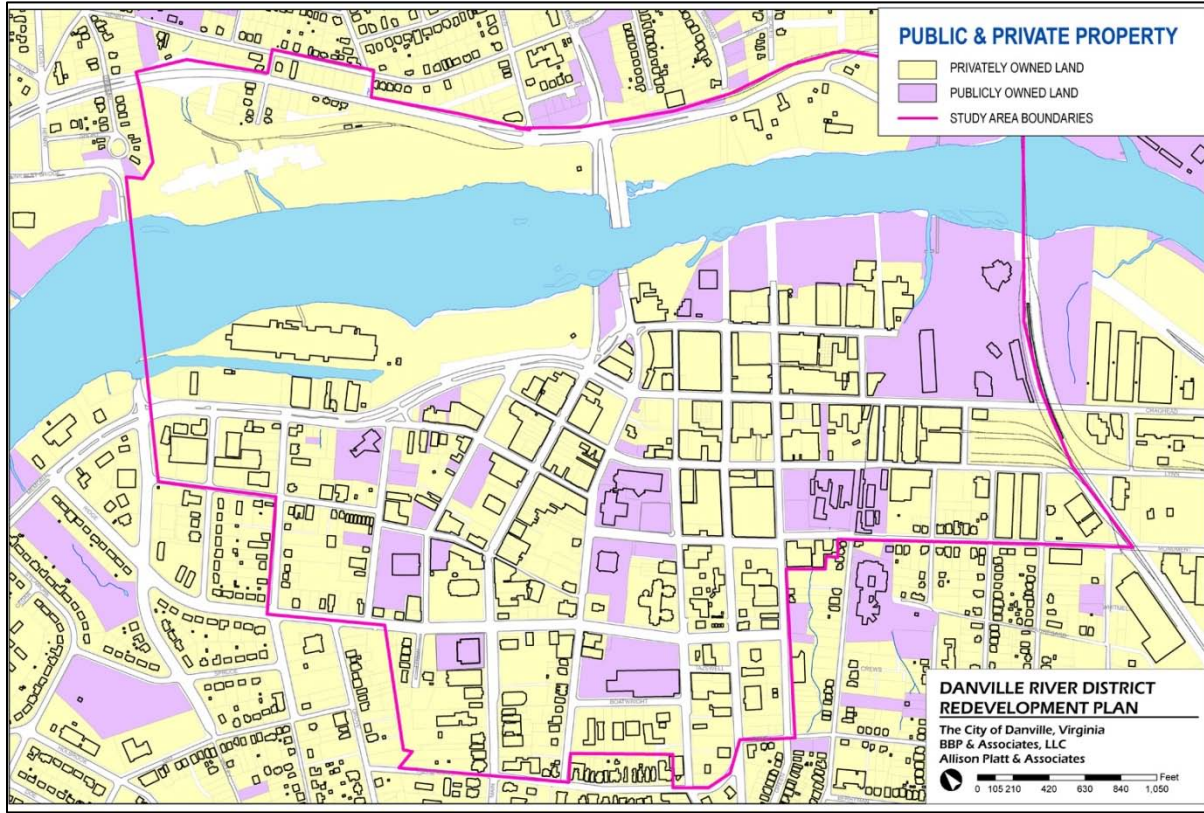


Figure 1.9(top): Public and Private Property. Figure 1.10: Public and Private Parking.

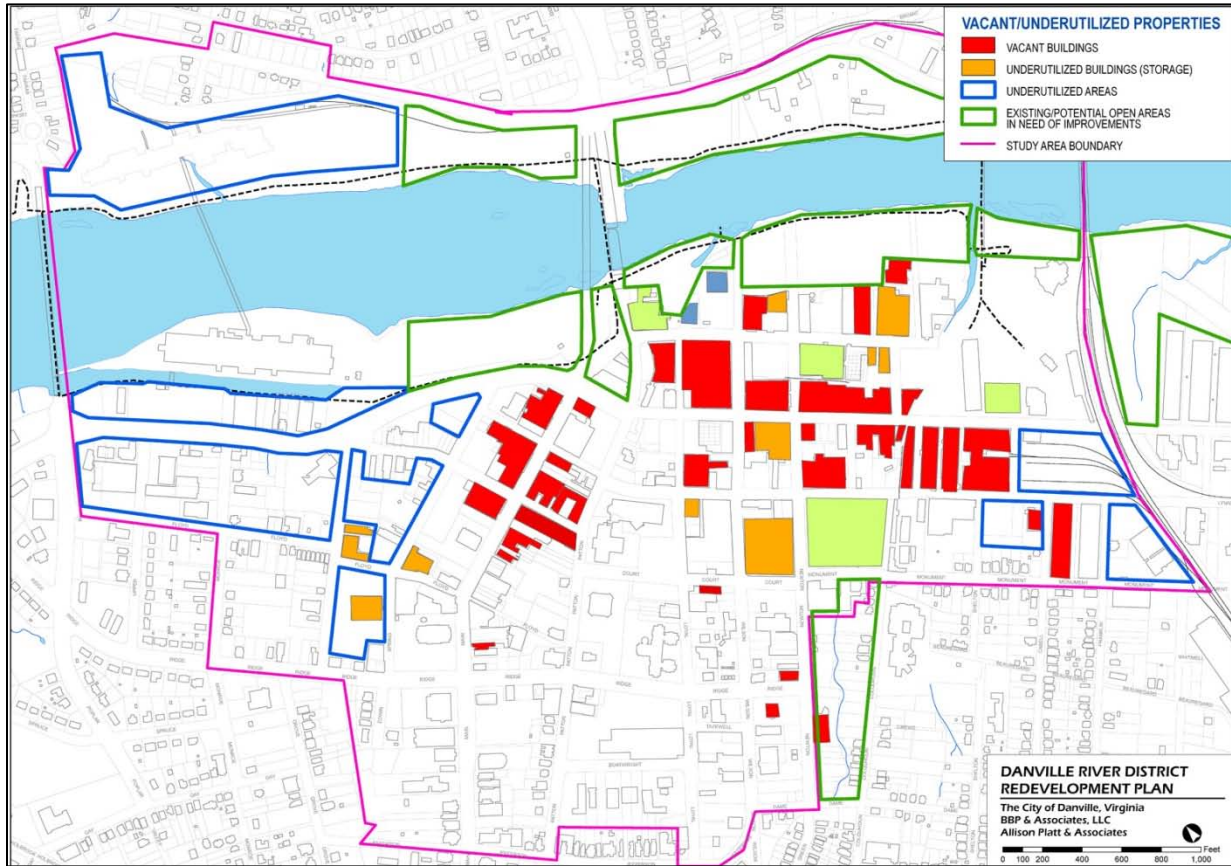


Figure 1.11: Vacant and Underutilized Properties.

II. River District Urban Design/Open Space Recommendations

This memo outlines the physical improvements recommended as part of the Danville River District Redevelopment Plan. Key economic development projects and strategies are outlined in additional memos provided separately. Section I of this document (Urban Design Analysis) looked at the physical assets and limitations of the River District in order to understand the best way forward for the District and the City.

As stated in the Urban Design Analysis, Danville is a City with many physical and natural assets that can combine to help the City grow its population, job base, tax base and image regionally and nationally. Many more recent actions by City leadership have capitalized on Danville's strengths and created a financial and strategic infrastructure to revitalize the City. This has resulted in restored historic homes, new businesses, historic industrial buildings redeveloped for housing and new industry, bike and hiking trails along the river, the Science Center Complex and amphitheater, and many other notable achievements.

The Urban Design Analysis presents a series of analysis maps that show the assets and liabilities of the River District, as well as the boundaries of the River District itself. The final analysis map, shown below (Figure 2.1) summarizes the recommended initial focus area within the River District.

Opportunities/UD Framework

The Opportunities/Framework drawing (Figure 2.1, next page) forms a bridge between analysis and concepts for the River District. All of the elements shown on the plan are derived from this analysis.

Below are the important items summarized in this plan:

- **Circulation Improvements:** In regards to the circulation system, there are different types of streets and different levels of street enhancements shown. The highest level of “finish” (pedestrian priority streets) would be for Main, Craghead, Bridge, Union and a portion of Patton Street near City Hall. The second level of improvements would include streets such as Patton and Spring that are intended to provide access to parking for Main Street. The third level of improvements function as urban connectors. Since these are often the streets on which citizens and visitors enter the River District, they might be called “vehicular image” streets.
- **“The 100% Corner”:** The area shown in the drawing with a green circle around it is the connection between the Tobacco Warehouse District, the historic Downtown Commercial Area, and the river (and, across the river, to North Danville). Improvements to this area will set the tone for the River District and connect to each set of main pedestrian priority streetscapes (Craghead, Main, and Bridge) while establishing a strong central connection to the River.

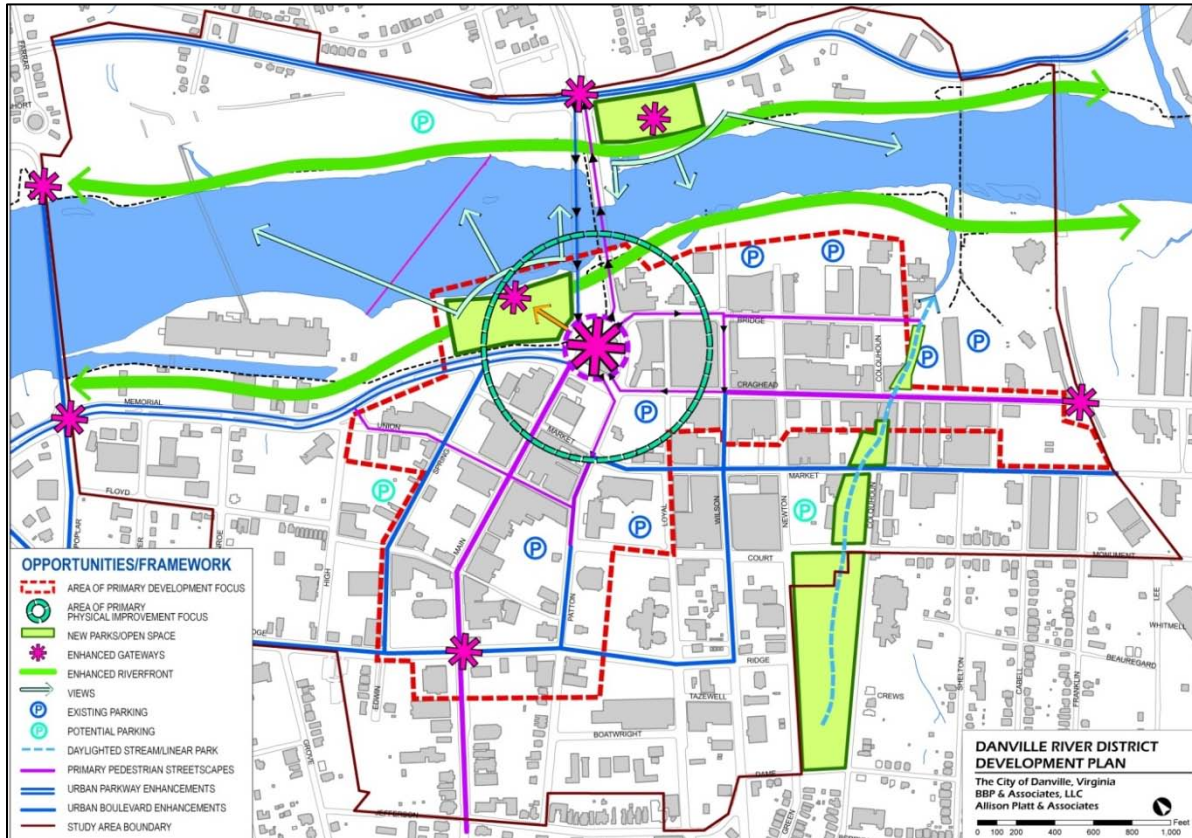


Figure 2.1: Opportunities/Urban Design Framework.

- **Area of Initial Focus within the River District:** Outside the 100% Corner is an area outlined in red that falls within the larger study area boundaries. This area contains most of the historic buildings within the River District. Given the large number of vacancies in these buildings (see the *Vacant and Underutilized Buildings* map), the first priority should be to redevelop these assets.
- **Gateways:** The magenta asterisks shown on the plan are gateways, either vehicular gateways that signal entry into the River District, or gateways to the river for pedestrians.
- **Riverfront Enhancements:** The wide green undulating arrows along the riverfront depict an enhancement of the riverfront.

River District Redevelopment Strategy Overview

The opportunities discussed above and additional recommendations are shown on the River District Redevelopment Plan drawing, Figure 2.2, next page. Close-ups of different areas of the map follow to explain elements of the plan.

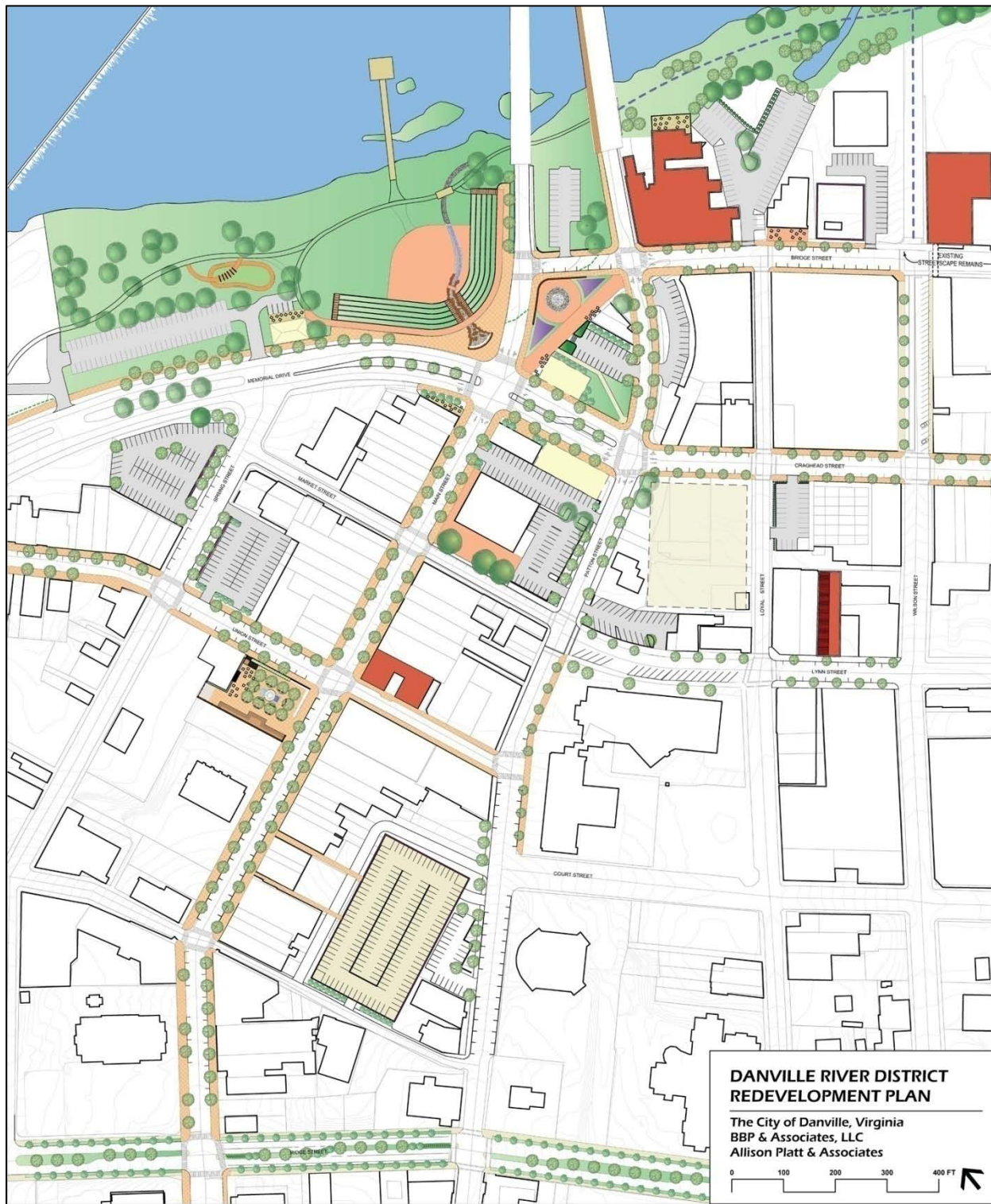


Figure 2.2: River District Redevelopment Plan.

This plan is meant to complement and support economic development work being conducted by the City and by BBP LLC. The catalytic projects identified by BBP LLC are shown in Figure 2.3, below. This plan shows four projects which BBP recommended for initial implementation. The Dan River Research building is recommended for use as an office/mixed use building including a restaurant overlooking the river in this prominent location. The RJR Building is recommended for an office use that will complement the many new office and institutional uses already present along Bridge Street. The Pemberton Building (shown in Figure 2.17) is currently used for storage, but would be well-suited for a boutique hotel. The Smith Seed Building is recommended as rental apartments to serve the needs of medical personnel at the hospital and potentially, students attending Averett in their new satellite location at the former Dimon Tobacco Headquarters building on Bridge Street.

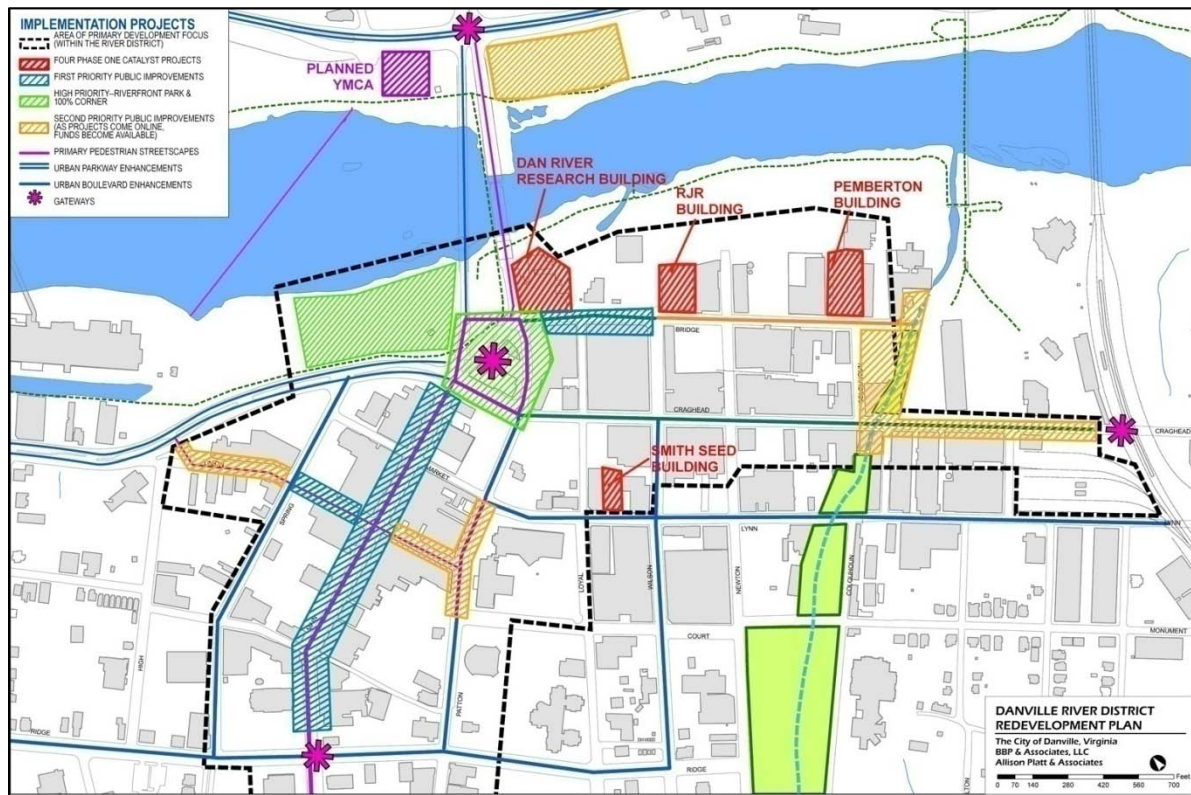


Figure 2.3: Catalytic Implementation Projects.

One of the most important goals of the plan is to revitalize the Main Street commercial area, the storefronts of which are almost completely vacant at this time. The strategy is to continue securing additional office and residential uses near Main Street in order to ensure sufficient traffic to support a diverse and lively downtown. Rehab Builders of Winston-Salem, NC is currently restoring the Ferrell Building on the 100 block of Main Street, and there is interest in a reuse of the beautiful former Masonic Lodge building on the 200 block. One restaurant has recently opened near Main Street, and another is scheduled to open soon. Several other existing businesses are doing well, and others storefront opportunities are being considered, so this is great news for the downtown.

The block of Main closest to the river will also be an important area of focus for revitalization because of the stated importance of the "100% corner," and the proximity of this block to existing and planned businesses and residential uses. Creating a nexus of new and existing businesses, activities and commercial/retail/restaurant uses will enhance the River District's image and attract residents and visitors to the area, which in turn will expand opportunities outward from the area of initial focus. On the other hand, if initial projects and improvements are not close together, visitors and residents may be induced to come to a particular activity or destination, but if the environment is not attractive and well-organized and there are too many vacant buildings nearby, they may not return.

Improvements to Main Street

It will be important to consider upgrading the streetscape along Main Street in order to encourage investment in this area. As mentioned earlier, there are hopeful signs and some new businesses along Main Street, but these efforts must be supported in order for Main Street to flourish.

The plan and section on the next page (Figure 2.3) show existing (left) and proposed designs for this street, eventually between Memorial Drive/Craghead and Ridge Street, but starting at the end nearest the river.



Figure 2.4: Main Street existing (left) and proposed plans and sections.

The proposed cross section changes Main Street from three lanes of traffic (one each way plus a turn lane) to one lane each way. This may necessitate the installation of traffic lights on some of the busier intersections, or a turn lane could also be created by removing parking on one side near the intersection. This change allows the sidewalks to be widened from 10' to 16', making it possible to add amenities such as benches, larger trees, bike racks, banners, and room for sidewalk dining. By encouraging vehicles to access parking off the streets on either side of Main Street (Patton and Spring) and making Patton Street two-way, there should be less vehicular congestion on Main. Also shown on the plan are special crosswalks (these are also shown on the 100% corner) meant to make it very clear to motorists that pedestrians have the right of way. These are recommended to be reflective thermoplastic, which is more visible and wears better than other alternatives. The wider sidewalks will also make it possible to plant trees that will have a larger canopy. However, the tree canopy should be vase shaped (like an Elm) rather than oval or round to ensure good views to the storefronts. Clearly these are concepts, so more work will need to be done to decide on materials, colors, exact dimensions, street furniture and lights, and so on.

A similar treatment to this should be considered for Union Street, since this street ties Main Street to City Hall on one end, and to the Union Street commercial area on the other.



Figure 2.5: Plaza next to School Board Building.

There are two additional open space enhancement opportunities along Main Street. The first and easiest to accomplish would be improvements to the park next to the School Board building (Figure 2.5, left). The plaza on the south side of this building has an attractive paved area shaded by three magnificent mature Willow Oaks. Yet the space is seldom used, possibly because the planters around the edge make the space feel cut off from the street, and also because there are no benches or seats of any kind in the space, making it feel unwelcoming. These problem could easily be addressed by removing the planters and replacing them with a iron (or aluminum) picket fence to allow views in and out (making the space feel safer and more approachable), adding benches and/or tables and chairs, and allowing a sidewalk vendor to set up there during the lunch hour. If security is a concern the fence could have gates that could be closed at night.

The other major opportunity will come when the Downtowner is demolished. Although parking has been mentioned as one use for this space, we do not recommend that use because the site is quite small for any structure, and more surface parking on such a small site would be a waste of valuable real

estate in a key location. We recommend that this site become an open space. Figure 2.7 shows the context of the parks along Main Street, and Figure 2.6 shows a very preliminary concept for the park to show some of the elements that might be included, but it should be stressed that this and all important open spaces should be designed in more detail with input from citizens and stakeholders.

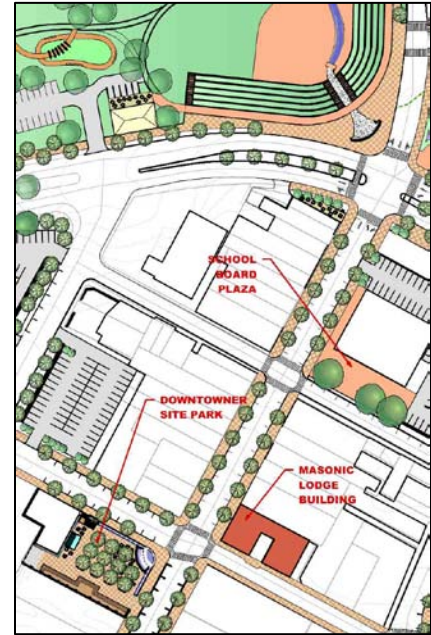
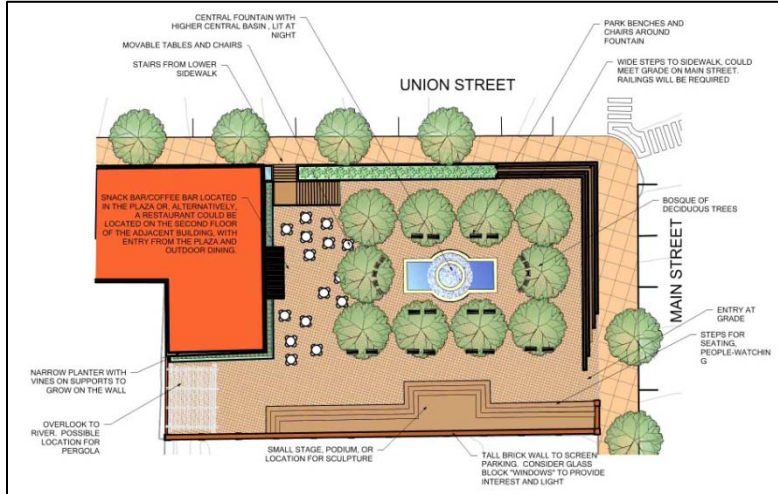
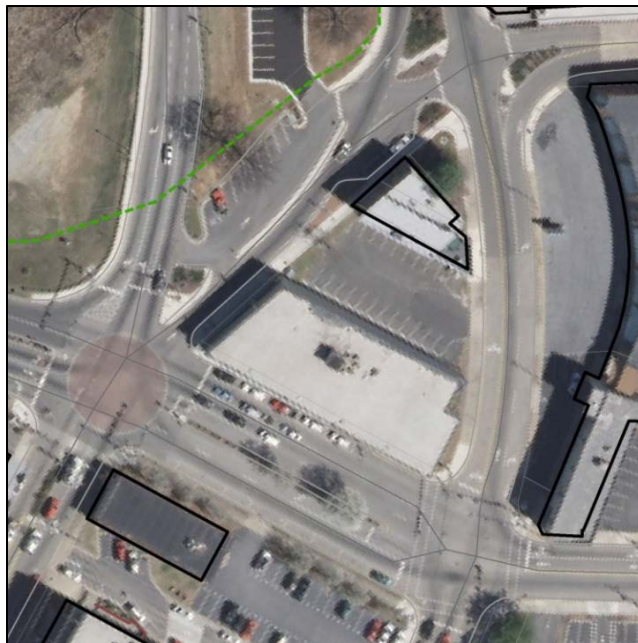


Figure 2.6 and 2.7: the map at right shows the context of the two parks on Main. Above, a concept for the Downtowner site.

"100% Corner" Area"

The "100% Corner" refers to the area at the foot of Main Street that forms an axis between the river, the Tobacco Warehouse District, the Downtown commercial area, and North Danville across the river.



The addition some years ago of a second bridge across the Dan created a one way pair vehicular circulation system to improve access to and through the downtown. Unfortunately, it also downgraded visual quality and pedestrian and bicycle circulation through the area. The plan seeks to balance all forms of access while creating a distinctive and iconic image for the city and the River District. The existing conditions are shown on the next page, followed by a close-up of the plan for this area.

The aerial photo (Figure 2.8) shows the vehicular circulation system as it presently

Figure 2.8: Existing Conditions at the "100% Corner."

exists. The plan (Figure 2.9) eliminates most of the free-flowing turn movements and changes this area to a configuration more like an urban block with four corners, no diagonal vehicular movement, and crosswalks at every corner. What had been the diagonal road becomes a wide pedestrian walk connecting Main Street with Bridge Street both visually and physically. The salon and new restaurant that now exist in this former roadway remain, and we recommend that the large metal building to the south of these building be removed and replaced by single story smaller-scale buildings that will allow views through to the "square." in the northeastern corner of this new block a fountain is shown. The design for this conceptual at this point, but the idea would be that this water feature would be visible from all directions when approaching this area, including from across the river, and would be lit up at night (see sketch, Figure 2.10, next page).



Another feature of the design is that a dedicated pedestrian/bicycle lane is recommended on the left side of the original northbound bridge (see Figure 2.2 for a better view of this connection). This bridge was originally two-way, and the removal of southbound traffic leaves this bridge with excess capacity. The existing walks are too narrow to afford pedestrians and cyclists much encouragement to cross the bridges. With the opening of the new YMCA on the north side of the river, such connections will be more important than ever.

Figure 2.9: The "100% Corner" area.

At the present time the ramps to and from the bridges are contained by metal highway crash fences which prohibit pedestrian movement. Instead of this design, it is recommended that heavy but attractive concrete or metal bollards be used. These will open up views and allow pedestrian access but still effectively separate cars and people.

The City's traffic consultants have done a preliminary review of the changes to the traffic patterns and believe that with minor changes it will work. The next step would be review by VDOT.

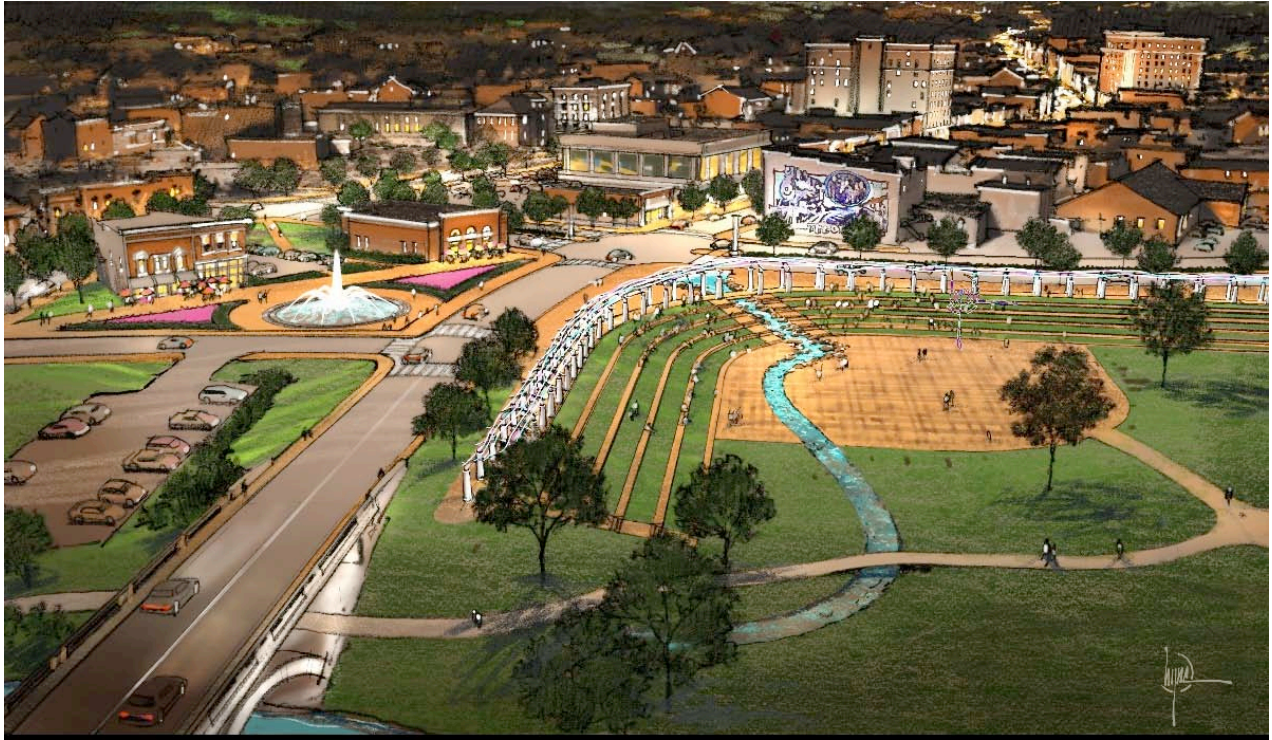


Figure 2.10: Illustrative sketch of concept for 100% Corner and Riverfront Park.

Riverfront Park

A close-up view of the riverfront park plan is shown below in Figure 2.11, next page and in the sketch above.

The numbers on the list below correspond to the numbers on the plan on the next page.

1. Plaza/Entrance. The park entry will center on this important corner, with pedestrian crosswalks bringing people from the Tobacco Warehouse District and the downtown. A low curved stone wall (native stone) is envisioned here that on the street side will appear to be a seat wall, and might have the name of the park on it (naming opportunity for large donor?). On the park side, water will flow out from below the lip of the wall much as it does over the dams in the river. The channel below will mimic the rapids of the river which are in view from this vantage point.



Figure 2.11: Riverfront Park.

2. Gallery. The "rapids" will flow under a gallery that curves around the park and frames views to the river. This could be a covered walkway, or a pergola with an open-work "roof." This gallery element is important because the river itself is not visible from most of the 100% corner area due to the change in grades, so this element will announce a gateway to the river and should be designed to hint at the views. One element that has been discussed is a "wave" shaped roof of stainless steel with LED lights in shades of blue. These would be set on columns that may also be up-lit. This gallery could either be at grade with the plaza on the corner or slightly raised. Benches along the interior of the gallery would encourage quiet enjoyment of the view.



3. Grassed amphitheater. This area descends the slope from the gallery to the more level areas adjacent to the river. A series of stone steps and grassed level areas can serve as seating for large groups of people but will still be pleasant when empty. Figure 2.12, left, shows an example of this type of treatment.

Figure 2.12: this park in Wilkes-Barre PA illustrates a similar concept to the grassed amphitheatre envisioned for Danville.

4. "Rapids" water feature. In the center of the grassed seating area the water feature that originates in the plaza descends the slope. This could be a concrete channel with the water falling in steps with the grade, or a more intriguing treatment would be a continuation of the "rapids" down the slope. Large boulders and smaller stones with some quieter, flatter area and a series of rapids or small waterfalls would invite participation from visitors. Concrete steps would move down the slope on either side. Issues such as handrails and other safety issues must still be addressed if this concept moves forward. Please note that handicap access is also considered in this design, with a ramp descending along the Memorial Drive side of the park and down to the lower level (there would also be access from the parking area to the north of the ramp).

5. Stage Area. This area should be small enough to be pleasant when empty, and large enough to accommodate presentations or performances when appropriate. This venue is meant to complement rather than compete with the beautiful amphitheater at the Crossing at the Dan complex. That venue is most suited for large concerts and performances in need of a professionally-equipped and powered stage area. This venue is envisioned as a secondary facility for smaller performances or public events. The gallery does, however, make it possible for lights to be mounted and for the stage area to be well lit, and electricity and audio could certainly be included in the plan. If the City were ever to hold some type of music festival the opportunity for multiple venues would be very useful. This would also be a logical location for some of the events at any River District or City festival.

The "stream" that descends from the upper plaza is shown here taking a turn and moving along the edge of the plaza towards the river. After it turns and the force of the water is dispersed, the channel is shown as a shallow depression (just a few inches deep) in the concrete which would be a pleasant way to cool off from the heat. From there the water flows into a more natural channel and is picked up and recirculated to the top of the water feature.

6. Pier. A path from the stage area will lead pedestrians to a pier that goes out over the stream and affords visitors a more intimate experience of the wide river. The area at the end could include a covered pavillion, seating and a launching ramp for kayaks.

7. Concession/Rest Rooms. Tucked into the slope at the far left end of the grassed amphitheater area is a building with a restaurant or snack bar and a deck overlooking the river on the upper (street) level. Below this level could be bathrooms and perhaps a rental area for kayaks and bicycles.

8. Splash Park. A splash park has been suggested in the plan near parking and adjacent to the riverfront greenway paths. In addition to the smaller-scale water elements used for small children, the design suggests a series of misting "arches" that could be used by people of all ages to cool off after a walk or ride on a warm day.

9. Continuation of the Riverwalk. New riverfront paths are shown flowing through the park and connecting to the north and under the new bridge to the existing pathways. It will also be possible to connect to the suggested hike/bike lane on the bridge from this area. If the existing pathway between the bridges is used for access, it would not even be necessary to cross any roads to connect with the proposed hike/bike lane across the bridge.

10. New Parking area by the river. This parking area within the riverfront park will make it more convenient for kayakers and cyclists to get direct access to the trail system. It will also be convenient for parents with children and for handicap access. The plan also shows access to parking for the White Mill (not developed in the plan, but indicated on the far left of the drawing) from the entry drives shown on the plan.

The creation of a riverfront park immediately to the north of the 100% corner will be a dramatic statement about re-connecting the City to the Dan River. As in most post-industrial cities, the river was traditionally viewed as a source of power, transportation corridor, and a means of disposing of waste. Because of this, there are few buildings on the river that face it. The new YMCA will be an important first step toward the goal of embracing the river. The City has already taken some important strides in riverfront use by building (and planning the expansion of) the riverfront hike/bike paths. Clearing the riverfront of invasive and non-native species and reestablishing a more appropriate mix of plant materials that allow views through to the river will also be important in revitalization efforts. For many visitors to Danville, and perhaps for some citizens as well, this new park will become a gateway to the riverfront and an expression of civic pride.

Downtown Parking

Figure 1.10 in the Analysis section shows existing public and private parking in the River District. The plan, Figure 2.2, shows two possible locations for parking garages in the future. Parking garages are very expensive to build, however (about \$20K per space), so it will be some time before it is economically feasible to build them. In the meantime, as more businesses and residents locate in the District, and as more people visit there, parking will need to be better organized. The City may wish to consider establishing a parking authority and/or encouraging owners of private parking to share spaces in order to best serve the community. Eventually paid on-street and off-street parking may be necessary, and if publicly owned, funds could be used to finance structured parking some time in the future.

Craghead Street

The recommended treatment for Craghead Street is shown in Figure 2.13, next page. This right of way is fairly narrow (about 60'), so the future cross section will depend to some degree on the traffic the road will carry. The recommended cross section will accommodate vehicles of all sizes, but not heavy congestion such as commuter traffic. Because of the importance of this street as a main "image" corridor through the Tobacco Warehouse District, we would recommend rerouting commuter traffic elsewhere (e.g., Riverside Drive or Craghead to Lynn Street to Wilson to Ridge). If it is not possible for the foreseeable future to bury the overhead utilities, a cross section for this road similar to the one recommended for Wilson (see illustration and discussion below) might also work, with utilities on the south (north-facing) side of the street.

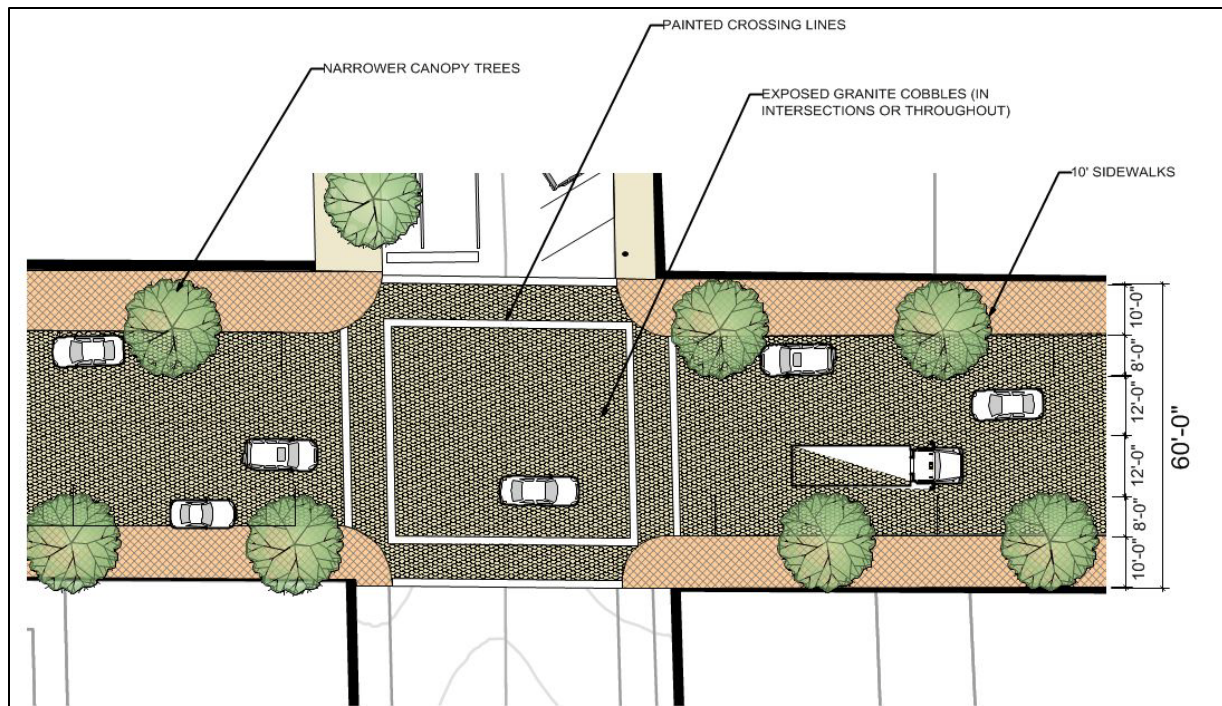


Figure 2.13: Proposed plan for Craghead Street.

The order of implementation for Craghead Street can either lead or follow development. A logical place to begin would be the area at the east end of Craghead near the train overpass (which is a gateway into the River District and should be upgraded/painted/signed as such) in front of the Crossing at the Dan. This area is already so important to the City and the River District that it would be great to enhance it. This would also provide the opportunity to screen in some manner the rail yard opposite the Science Center.

Daylighting the Stream Near the Crossing at the Dan

The other improvement discussed throughout this project is the "daylighting" of the stream that runs (mostly underground) to the north of the Farmer's Market Building (see Figure 2.1 and next page). There are already plans to daylight the stream on the new Fire Station site, so it makes sense to continue this idea for the length of the stream from Dame Street all the way to the existing outfall at the Dan River. This project need not have a particular priority, but citizens have expressed some enthusiasm for it so clean-up, research on the history of the area, and investigation of funding sources can be pursued as opportunities arise. The photos in Figure 2.14-15 show parts of the existing stream, and Figure 2.16 shows a concept for the daylighting of this stream near the Farmer's Market Building.



Figures 2.14 (top, left) and 2.15 (bottom) show areas where the stream is visible above ground. Figure 2.16 (above, right) shows a plan for the stream daylighting near the Farmer's Market.

Treatment of Other Street Types

There were three types of streets identified in the Urban Design Analysis: 1) primary pedestrian streets (Main, Craghead, Union and Bridge); 2) urban parkways (Memorial and Riverside); and 3) Urban Boulevards (Wilson, Lynn, Spring and parts of Patton). Primary pedestrian streets would give priority to pedestrians and have the highest level of finish. Urban parkways are the roads by which people will travel (mostly by car) into the River District, and as such, they should be attractive to provide an gateway image for the District, while still providing continuous sidewalks and in some cases, bike lanes. Signage directing motorists to the various destinations within the City will also be important. On Urban Boulevards, motorists will be accessing parking or moving within the District. These streets should be shared by pedestrians, vehicles, and in some cases, bike lanes.

Examples of urban parkways and boulevards are shown below. Ridge Street is currently quite uninviting, with four lanes and few amenities. Because of the wide right of way, it is possible to transform Ridge Street from an somewhat bleak roadway into an Urban Parkway. An existing view of Ridge is shown in Figure 2.17, and a proposed plan for the street is shown in Figure 2.18.

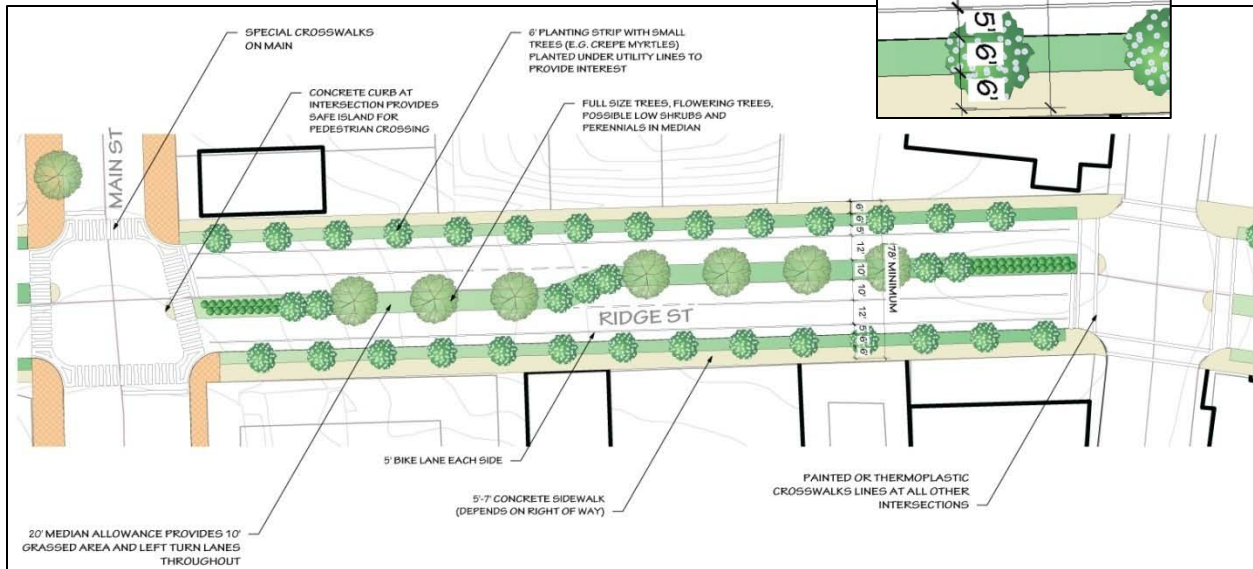
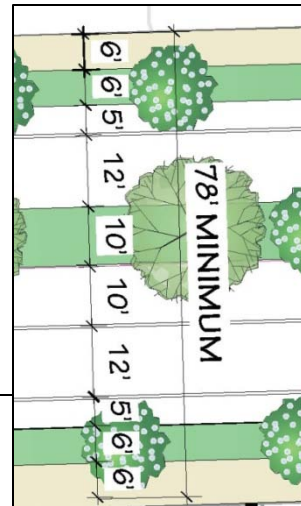


Figure 2.17 (left) and Figure 2.18: Existing photo and proposed improvements to Ridge Street. Inset shows dimensions.

Because it is not practical to consider undergrounding utilities throughout the River District, at least initially, this plan shows full size shade trees in the center median where there are no overhead lines, and small trees such as crepe myrtles on the sides, where they will stay small enough not to interfere with the overhead utilities. The proposed plan changes the existing four lane road with two bike lanes and narrow sidewalks to one lane each way plus a 20' median that accommodates left turns at each intersection (essentially making the median 10' wide). The bike lanes remain and there are slightly wider sidewalks and a wide enough tree strip between the sidewalk and the bike lane to accommodate small trees. Ornamental trees could also be used in the median in combination with low shrubs (that

don't block views) and even perennials or annuals to add color. This same treatment could be used on other Urban Parkways with medians such as Memorial Drive.

The other street examined in more detail was Wilson Street, shown in Figure 2.19.

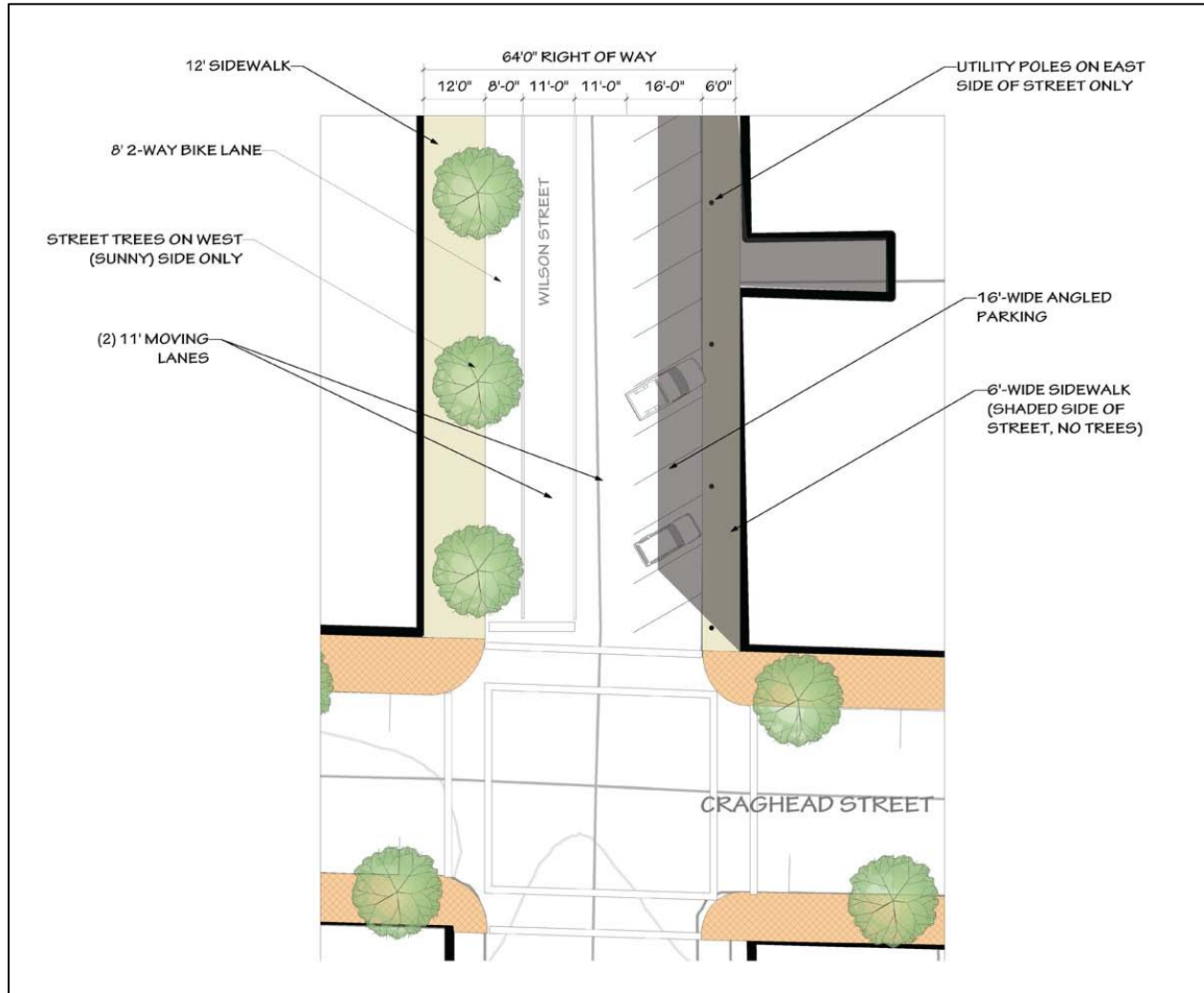


Figure 2.19: Wilson Street Plan.

Wilson Street has a ~64' right of way and is flanked along most blocks with tall industrial buildings. The orientation of the street puts the south (right in the drawing) side of the street (north-facing) in the shade nearly all day, and because of this, an asymmetrical design is proposed that allows the utility lines to be placed on a narrower sidewalk to the left, and the bike lanes, sidewalk and trees to be placed on the right in the sun. By placing angled parking on the left side as well, the pedestrian-bicycle zone it more functional, attractive, and safer as well.

This treatment would be most logical in the Tobacco Warehouse District where tall buildings shade the street. Further away from the river where there are no tall buildings, this treatment could transition to a more traditional design. The big advantage of this design is that it allows an attractive streetscape for pedestrians yet also allows the overhead utilities to remain. With so much work to be done in the River District, it is difficult to justify the expense of burying utility lines everywhere.

Implementation Priorities

The 100% corner will tie together the three main elements of the River District--the River, Main Street, and the Tobacco Warehouse District. This and the Riverfront Park will make a significant impact on perceptions of the River District. However, that said, it is to be expected that changes to roads controlled by VDOT will not be easy to accomplish, and the approval process will take some time. Additionally, the Riverfront Park will be a very large and expensive project, so it will no doubt take time to identify funding sources and put them in place. In the meantime, one of the most important economic development goals should be to revitalize Main Street and the last few blocks of Bridge Street near the planned catalytic projects. Figure 2.1 shows recommended priorities in graphic form, and a list that corresponds to that graphic follows:

Early Implementation Projects:

- Main Street streetscape improvements.
- The Downtowner Site.
- Bridge Street from Patton to Wilson.

Begin Planning now, implementation when approvals and funds are in place:

- The 100% corner, including pedestrian/bike lane on the bridge.
- The Riverfront Park.
- Craghead Street Improvements.
- Daylighting of the stream from the new Firehouse site to the Dan River.

As opportunities and funds allow:

- Improvements to the riverfront within the River District.
- Architectural lighting of the bridges within the River District, starting at the Riverfront Park.
- Wilson Street improvements.
- Ridge Street improvements.

These priorities may change because of opportunities that may arise over time, but they are a good starting place.

Planning Strategies:

Below are listed some supporting activities that will help with implementation

Design guidelines for the River District. These could include not only the typical standards for the rehabilitation of historic structures, but also guidelines for public improvements (streetscapes, furniture, lighting, typical cross sections for all types of streets), new buildings, signage, and site improvements (driveways, screening, fencing, setbacks, parking, etc.). While zoning covers minimum requirements, design guidelines cover desired quality. Guidelines would have to be administered by some type of commission. Dealing with setbacks, materials, and screening may seem peripheral now, but as the historic building stock is revitalized and investors begin to look at the fringe areas of the River District, controls that will ensure quality development will be needed.

Downtown Management. As more businesses open downtown, there will be a need to assess the best way to manage downtown for the benefit of all. Typical issues include common hours, advertising, events, recruitment, retention, parking management, additional requirements for trash removal or security. Whether downtown management would be accomplished through the re-formation of a Main Street-style organization, a Business Improvement District, or another type of organization, special attention needs to be focused on the downtown to keep it vital. Such an organization can also spearhead festivals and conduct fundraising drives to accomplish public improvements.

Wayfinding/identity sign system. As stated in the Analysis and at the public meetings, a sign system for the River District in particular is needed. Such systems will not only help visitors to negotiate Danville's challenging urban grid, but should also help to establish and reinforce the image of the District.