

COMMUNITY PRESERVATION COMMITTEE
Record of Public Meeting *18 March 2009*

Newton, Massachusetts
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The meeting was held on Wednesday 18 March 2009 in Newton City Hall, Cafeteria.

Attending members of the Community Preservation Committee (CPC): Joyce Moss, Judy Jacobson, Zack Blake, Nancy Grissom, Dan Green (arr 7:15 pm), Walter Bernheimer, Tom Turner, Stephen Fauteux.

Program manager Alice Ingerson served as recorder.

CPC Chair Joyce Moss called the meeting to order at 7:05 pm.

7:05

COMMITTEE BUSINESS & UPDATES

VOTE Wally Bernheimer moved and Nancy Grissom seconded approval of the 25 February 2009 minutes, with corrections as noted. The minutes were approved unanimously.

VOTE Judy Jacobson, Wally Bernheimer and Joyce Moss complimented the draft fiscal 2008 annual report, particularly its information graphics, and suggested minor corrections. Nancy Grissom moved, and Judy Jacobson seconded, the report's approval as corrected. The report was approved unanimously.

PROGRAM ADMINISTRATIVE BUDGET:

Revisions for Fiscal 2009 & Proposed Budget for Fiscal 2010

Alice Ingerson presented proposed revisions to the program's administrative budget for fiscal 2009 - moving \$3,165 from personnel to other expenses, allowing for replacement of a tape recorder, production of a movable site sign, and costs associated with several community meetings (primarily custodial services for use of elementary schools). YTD costs suggested that the original budget for personnel would be underspent by far more than this amount by the end of the fiscal year.

Ingerson also presented a proposed program administrative budget for fiscal 2010, allotting just under the maximum 5 percent of the sum of estimated local surcharge revenue for fiscal 2010 plus the estimated state match of 30 percent of local surcharge revenue for fiscal 2009. She noted that the final state match would not be confirmed until early fall 2009, when she would recommend asking Board approval for a revised fiscal 2010 budget, based on final 2009 local revenues, fund balances, etc.

VOTE After a brief discussion, Wally Bernheimer moved and Nancy Grissom seconded approval of both the fiscal 2009 administrative budget revision request and the proposed fiscal 2010 administrative budget. Both proposals were approved unanimously.

UPDATES ON CURRENT PROJECTS & PROPOSALS

Alice Ingerson drew the Committee's attention to the "one pager" summarizing a potential funding request for \$750,000 from the MBTA to support needed preservation and rehabilitation work at the Newton Centre T stop (former train station). The MBTA noted that it had received CP funds in Concord, MA, for a similar project. The Committee directed Alice Ingerson to report back on the Concord project: required matching funds, projects uses of the building, etc.

Ingerson also noted that the near-final draft of the Heritage Landscape Inventory report would be presented to the community at large at an open meeting in May, and promised to email the dates under consideration to the Committee to find out which would be most convenient for them.

7:20

Fiscal 2010 *COMMUNITY PRESERVATION PLAN*

CPC Chair Joyce Moss summarized the Committee's previous discussion about reserving funds for future use. She noted that there had been little interest in creating reserves legally restricted to specific purposes, such as housing or open space, but more interest in a general reserve.

Alice Ingerson reported: that such restricted reserves were allowed under the CPA, but did require formal appropriations. She also reported policy advice from the Community Preservation Coalition staff, first, that communities with such restricted inflexible reserves had occasionally regretted their resulting inability to re-allocate even small amounts from these reserves to cover unanticipated project costs for other resources; and second, but that it was also possible for an unrestricted reserve that was too large to elicit new, less thoroughly thought-through proposals, just because "funds are available." Based on this information from the Coalition, Ingerson recommended aiming for a general reserve of about one year's worth of funds, in Newton's case, about \$2 million – to be spent when and if needed, but then rebuilt if possible.

Nancy Grissom felt that the Committee had basically endorsed the idea of a general reserve at its previous meeting. Joyce Moss and Nancy Grissom compared the idea of such a reserve to a savings account. Zack Blake asked whether the Committee should adopt a policy aiming to reserve at least 10 percent of each year's funds for future use. Dan Green did not favor a specific target amount, but thought the Committee should try to think each year about building up a reserve that could be spent in the future for any resource.

Joyce Moss noted that having a large unrestricted reserve might increase pressure to fund lower-quality proposals. Wally Bernheimer felt that just because the CPC had not turned down proposals in the past, when funds were available, did not mean it could not do so in the future. He suggested that funding forecasts for the program made it clear that funds would be limited in general, even if the currently proposed amendment to the CPA passes, and a relatively high state match is guaranteed.

Alice Ingerson recalled the concept, suggested by Alderman Linsky almost two years ago, that funding proposals should not be "graded on a curve," which guaranteed funding for the best of each year's proposals, but on an absolute scale, so that only proposals meeting certain basic standards would be funded, regardless of whether that used all available funds in a given year.

Stephen Fauteux noted that it was about time to start thinking about setting funds aside from those currently available, but he had no strong preference about the mechanism. Dan Green felt that any member could propose to set aside any amount of currently available funds, at any time during the year.

Joyce Moss and Dan Green endorsed Ingerson's estimate of informally reserving at most \$2 million for future use, for any CPA-eligible resource. Moss summarized this as the sense of the meeting, and no members expressed opposition.

Moss then proposed, and the Committee agreed, to postpone for a future meeting discussing other issues that had been listed on the agenda for the Fiscal 2010 *CP Plan*: historic resources standards, including a staff proposal to urge a broader, citywide approach to setting priorities; and possible new requirements for leverage or matching funds.

7:55

working session on proposal for
WARREN HOUSE (historic preservation)

Joyce Moss read out loud a new letter from the League of Women Voters, expressing support for this proposal (full text appears at the end of these minutes).

Moss then asked Jeanne Strickland, Executive Director of the Newton Community Development Foundation (NCDF), for a summary statement. Moss also thanked NCDF for arranging site visits for CPC members, including one just a few days before this meeting.

Strickland then summarized the repairs to the slate roof and above-roof cast stone elements of this building, for which CP funds were being requested. She also distributed: a timeline of expiring deed restrictions for affordable housing at Warren House, showing that 6 of the currently affordable 21 units would not be affordable after the year 2023 under current arrangements; and a 20-year plan for the building's capital needs and replacement reserves; and three new letters of support.

Strickland noted that NCDF provides several additional public benefits at or around this building, as required by the terms of its ground lease with the City of Newton, including maintaining parking areas that support the abutting public playing fields and tennis courts, and renting space for a day care center for \$1 a year. She noted that some questions had been raised about whether proposed work would actually abate past problems, and that Warren House residents along with NCDF staff and Board members were present to provide additional information.

Joyce Moss noted that after the recent site visit, she had been most concerned about the efficacy of the proposed repairs. She also stated that the CPC was considering this request as a preservation project, one that would protect this historic building from further harm or destruction, particularly water damage. Since the proposed historic preservation work would also protect the affordable apartments inside the building from harm or destruction, the proposal might also have been considered as preserving community housing, but on the advice of the Law Dept., the CPC had chosen not to consider the proposal in that category.

Olga Vaysman, project engineer at Gale Engineering, provided an overall summary of the work proposed with CP funds:

- Replace the nonhistoric low-slope roofs with new PVC roofs, adjoining flashings
- Removing and rebuilding balconies and synthetic wood decks on these low-slope roofs, and reinstalling current wood doors that are still functional; the goal of these repairs is to stop water infiltration into the apartments below, which continued after years of repairs that had simply installed new materials on top of older ones
- Replace the old slate on the historic sloped roofs with new, historically appropriate slate; Gale had looked into repairing rather than replacing but found that did not make financial sense, in part because other above-roofline repairs required removing the slate first anyway
- Repairing, by stabilizing or replacing where necessary, the historic cast stone (cement) elements; these had experienced a lot of water damage, with spalling and falling debris that created a safety hazard
- Repointing masonry walls and replacing through-wall flashings, or actual bricks where they are cracked, with historically appropriate materials and techniques, matching the historic mortar and joints throughout
- Replace aluminum sheathing in places with more historically appropriate copper

In response to questions asked by CPC members Tom Turner and Dan Green during the site visit, Jeanne Strickland asked Gale Engineering to address the issue of ventilating the low-slope roofs. Gale representative Christopher Musorofiti suggested that ventilation was not needed in this case. They planned to install new insulation and work as the work is done whether an additional vapor barrier would be needed. Their computer models showed that a wood deck with gypsum sheathing underneath typically dries out annually on its own.

Dan Green asked whether the project budget allowed for the additional barrier, if the need was found. NCDF project consultant Matthew Yarmolinsky noted that the 10 percent contingency built into the budget. Although no issues had been found when test cuts were made to assess the roofs, unforeseen

conditions could be found once the roof is taken apart. These conditions might be handled as an allowance to the unit price (square foot). The roof decks are the only contingency in the current budget.

Jeanne Strickland noted that the overall budget had about a 15 percent contingency.

Joyce Moss asked what companies had worked on the building over the years? Strickland noted that the roof was under warranty by Carlisle Syntec Inc. until 2002. M. J. Ambrose also worked on the building several times. Many repairs were made under warranty at no cost to NCDF. When the building was originally converted for housing, \$180,000 spent on masonry repairs. Since then, two waterproofing companies based in Boston have worked to stop water infiltration. She noted that the brick walls at Warren House were much more porous than those at Weeks House, which NCDF also manages as affordable housing (at Weeks House, primarily for seniors). Both buildings were former junior high schools. Waterproofing is repeated at Weeks House on an ongoing basis. Any leaking doors at Warren House had already been replaced, at NCDF's expense.

Resident Ann Townes described her experience living in a Warren House unit that faces the tot lot on the northern side of the building. In 2000, there had been water damage; the entire ceiling was taken down to identify the sources and stop water infiltration. NCDF had waited for actual storms as tests of the repairs, then she was allowed to move in. Three months later water leaked through the ceiling and walls in a storm. At one time storms would also drive water into the unit through the windowsills, but that has stopped. Water still drips into the apartment, during strong nor'easters.

Moss asked whether NCDF ever saw a comprehensive solution to these problems, rather than partial responses. Strickland noted that new doors, waterproofing, caulking, repointing, and awnings had all helped to reduce infiltration by wind-driven rain. None of these partial measures had fully solved the problem.

Resident Beth Komachi has lived since 1997 in a penthouse unit that faces north. She was relocated once for major ceiling and roof repairs, at a time when it "looked like it was raining inside the apartment," with rain coming in through the floors as well, 2-3 years ago. The water came in through the center of the apartment, rather than through the walls. The center of this unit is under the HVAC systems on the main roof.

Gale representative Christopher Musorofiti noted that in an old building, roof water could enter through a parapet, side wall, or flashing, rather than through the shingles, slate, or rubber roof per se. This was why they had recommended a systemic approach, in which everything is removed and repairs are made to any part of the roof system that is found to have failed or be defective. The proposed project will help to diagnose all sources of the current problem, even if it can immediately fix only those that occur above the roofline.

Wally Bernheimer noted that he had no doubts about whether the work was needed, or the project's eligibility for CP funds. He did have questions about the building's long-term financial viability. He asked whether the replacement reserve analysis just distributed was based on the Gale engineers' analyses. Strickland confirmed that it was, and that all needed work that could not be performed with the currently requested CP and inclusionary zoning funds would be deferred.

She also noted that refinancing had allowed repairs of a similar nature and scope at Weeks House, without CP funds. Bernheimer asked what NCDF would do about deferred repairs at Warren House, if that project could not be refinanced. Strickland responded that NCDF was confident of its ability to refinance within the next 2 years. In particular, they expect volume cap bonds to be available to NCDF for this project by fall 2009, but noted that the state government was yet not ready to announce or explain that new program. She also noted that Warren House was currently 98 percent occupied, and revenue had not suffered from the current economic downturn.

Bernheimer stated that his support for the proposal would be strongly contingent on ensuring that no further CP funds would be invested in the building after this first request. He believed that the project should be much more self-financed, and viewed the current needs as a result of deferred or inadequate maintenance, though the proposed work was clearly needed. Strickland stated that NCDF did not expect to make any further requests for CP funding of these needed repairs at Warren House.

David Ennis, NCDF Board member, noted that the currently proposed scope of work was the critical minimum. NCDF expected to refinance, and could do so even in today's market, to fund the additional work beginning next fall. A significant policy shift will make this possible once the Governor Patrick begins to make appointments to the board of the relevant state agency (Mass Housing) in the fall of 2009. If permitted by Mass Housing, NCDF estimated that it could raise almost \$4 million through refinancing the project's federal low-income housing tax credits and regular refinancing. At Weeks House excess net operating income had allowed NCDF to increase its mortgage with Mass Housing, to pay for repairs; but Warren House is just breaking even and cannot support a straight mortgage increase.

Judy Jacobson noted that refinancing would not eliminate the need to subsidize the project with CPA or other public funds. She felt that the site visit had shown that all routine maintenance was done well now. She also pointed out that, under the terms of the ground lease, ownership of the building would revert to the City of Newton if the lease was not renewed; so Warren House should be seen as a city building. CP funds invested in it would provide a long-term public benefit and community resource. She agreed that the CP Fund should not be seen as an ongoing source of funding for any project, but that the CPC could always decline to recommend additional funding for this project in the future.

Stephen Fauteux asked whether the first phase of repairs could not wait until refinancing came through. Strickland confirmed that it could not. The Gale representatives confirmed that the needed scope of work would only cost more if delayed.

Bernheimer asked about the expected useful life of the planned repairs. Gale representatives estimated the useful life of the slate roof and copper flashing at 75 years; of low-slope PVC roofs - the least expensive part of the proposed roof work - at 20 years.

Joyce Moss asked what would happen if all proposed work was done, and the next 100-year storm still drove water into the building. Gale representatives described this type of work as their professional expertise. They would call for low-slope roofing materials covered by manufacturers' warranties from the most reputable companies, probably Firestone, which guarantees its PVC roof for 15-20 years. They noted that the installation contractor's warranty usually only lasts 2-3 years, just enough to see if the repairs will withstand normal conditions.

Fauteux felt there were too many ifs associated with delaying the work, and that whatever can be done should be done now to protect the resource.

Joyce Moss asked NCDF to explain the issues associated with affordable housing at Warren House. Ennis noted that 15 units are affordable through term of the lease, as required by the special permit from the City of Newton. 6 units are affordable through 2023. The project's limited partners/investors will not allow an extension of affordability for those units until NCDF refinances and buys out those investors. Dan Green asked whether making CP funding contingent on this extension would not make them more amenable to a buyout. Ennis reported that the investors had previously declined to sell their interests in the project at a discounted price, 1-1.5 year ago.

Strickland also noted that any refinancing of the project approved by Mass Housing would carry new extended affordability requirements. Nancy Grissom noted that NCDF was by definition an affordable housing organization, and committed to doing this by their mission. Strickland noted that at another of affordable housing project, Kasselmann House (senior housing in Newton Centre), NCDF had a 20-year Housing Assistance Payment contract that gave them the option to convert the building to all market-rate

units. Instead, NCDF had chosen to renew the contract with the building as affordable housing, every 5 years.

Judy Jacobson felt that the current levels of affordability at Warren House were not at risk within the next 15 years, and were likely to be extended when refinancing was arranged. It was not worth asking NCDF to demand this from their investors.

Joyce Moss said the CPC could make a good-faith effort to extend the expiring affordability restrictions a condition of recommending CP funds.

Jacobson asked whether the small amount of inclusionary zoning (IZ) funding shown in the project budget was contingent on receiving CP funds. Strickland reported that the IZ funds were already committed, but could only be used if the project received enough other funding to go forward.

Joyce Moss asked NCDF to address recommendations by the League of Women Voters to explore performance contracting, weatherization grants, and other environmental or "green building" funding sources to reduce the building's operating costs, especially for energy. NCDF Property Manager Cory Wegielewski described the extensive measures already taken by NCDF for this: the organization actively seeks energy audits and applies for energy conservation rebates/assistance. They had installed all-new energy-efficient refrigerators for free in all units at Weeks House, used low-energy light bulbs and lighting fixtures in common areas, etc. At 831 Boylston Street they replaced oil burners with gas furnaces and got additional equipment for free because the building serves a low-income population. They are actively looking into solar energy in another of their buildings. J Strickland: Kasselmann House 2 yrs put in all new low-flow toilets, replaced windows, etc. Everything is included in the rent, and costs have not increased over past 2 years, improvements compensated for market-price rises. Strickland reported that at Kasselmann House over the past 2 years NCDF had installed all new low-flow toilets and new energy-efficient windows. All utilities are included in the rent at that building, and costs have not increased over these past 2 years, because these energy improvements have compensated for market-price rises in energy costs.

NCDF also works with a contracting company to track and measure the resulting energy savings; that company will be submitting to the NCDF Board in the next week updated budgets for both water and energy at all NCDF buildings.

Gale representative Christopher Musorofiti noted that at Warren House, it was more expensive to do emergency maintenance, as is happening now, than more systematic, overall repairs.

Judy Jacobson noted that funding for weatherization was anticipated as part of the federal stimulus bill, and urged NDCF to look at that possible source of funding. Zack Blake recommended contacting Mark Silvia in the Green Communities Division of the state's Executive Office of Energy and Environmental Affairs. Dan Green suggested checking into rebates through the Energy Star program and utility companies for the new insulation to be installed at Warren House.

Gale representatives noted that they would explore all these options, but that in general, historic buildings lose more energy through roofs than through walls, and through walls than through well-maintained windows. But they committed to increasing the building's energy efficiency as much as possible.

Dan Green asked for more feedback from the CPC's historic resources specialists about whether the cost of repairs could be reduced without compromising preservation standards, since the roofs were not highly visible from the street level. Nancy Grissom stood by the Newton Historical Commission's original 2006 recommendations for slate and copper, rather than less expensive materials. David Ennis noted that historic preservation state and federal tax credits might be available for work at Warren House, as an income-producing building, but that the project would only meet the thresholds required to qualify for these credits in phases 2 and 3, rather than the phase 1 proposed for CP funding.

Alice Ingerson summarized the suggestion by City of Newton preservation planner Brian Lever to protect the building's historic values by granting the Newton Historical Commission a preservation restriction, that would be both coterminous and renewable with the ground lease.

Gale representatives noted that glass-fiber-reinforced material might be slightly less expensive than replacing the deteriorated cast stone; that asphalt shingles would save \$60,000 over replacing the slate roofs, but those savings would be negated by having to be replace the roof far more often; and that using aluminum instead of copper sheathing might cut costs about 20 percent, but again, aluminum is a 20-year material, but copper is a 50-year material.

Dan Green summarized his standout concern as making sure that NCDF did as much as it could to find additional revenue through any and all of the sources mentioned so far: energy rebates, historic tax credits, stimulus weatherization grants, and refinancing. He asked whether the CPC could ask for some CP funds to be reimbursed if additional funding was found.

Bernheimer wondered whether extending affordability would reduce the building's value, and thus the amount of funding that NCDF could raise through refinancing. Judy Jacobson noted that this was not necessarily the case, because the value of the building was partly in its low-income housing tax credits. Jacobson also clarified that the City had leased the property to NCDF with provisions for the City to share in any positive cash flow from the project; as the project has typically operated on a break-even basis, to date NCDF has not owed any payments to the City.

VOTE Wally Bernheimer moved approval of the \$1,080,000 funding request for Warren House, with an additional \$1,500 for City of Newton Law Department costs, on condition that nothing in the project's phase 2 be funded with CP funds.

Dan Green seconded the motion, on the additional conditions that NDCF use its best efforts to extend to the full term of the lease the current affordability of the 6 units where restrictions would otherwise expire in 2023; and that half of any rebates or other sources of funding found that are not already budgeted for in phase 1 be used to reimburse a portion of the CP grant.

Judy Jacobson noted that CPC recommendations always required any funds not spent to complete the project as originally proposed be returned to the CP Fund.

Zack Blake and Nancy Grissom added as an additional condition the granting of a preservation restriction to be held by the Newton Historical Commission, coterminous and renewable with the lease. Joyce Moss added that the City should be required to retain this restriction in perpetuity if the lease is not renewed in 2056, and the building is sold outright to another private owner.

The motion was approved unanimously, 8-0.

Dan Green commended David Ennis and Jeanne Strickland for their efforts to explain and present this project to the CPC and the public.

9:10
OTHER BUSINESS

At the request of the Committee's members, all other business was postponed to future meetings.

Chair Joyce Moss adjourned the meeting at 9:15 pm.

COMMUNITY PRESERVATION COMMITTEE
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The following letter was read out loud at this meeting:

RECEIVED 18 March 2009

League of Women Voters of Newton
PO Box 610207
Newton, MA 02461

Joyce Moss, Chair
Community Preservation Committee
1000 Commonwealth Ave.
Newton, MA 02459
Dear Ms. Moss:

The League of Women Voters of Newton would like to clarify its support of using \$1,080,000 in CPA funds for slate roof replacement and above roof line masonry and waterproofing repairs at the Warren House, as proposed in the Newton Community Development Foundation (NCDF) application.

LWVN recognizes that this work is essential to preserve the structure, was not accomplished during the initial renovation, and will help to bring maintenance costs under control. We believe this would be a wise investment both to ensure the future of this historic structure and help sustain the much needed mixed income housing within. We feel the cost of the proposed repairs is reasonable given the extent of the work required.

We also urge that funding be secured from other sources to complete the remaining work needed on exterior building elements below the roof line as described in the Gale Engineering Report. To this end, we recommend the petitioner take aggressive steps to refinance the MHFA mortgage. We also urge Warren to explore current state and federal weatherization grants and/or performance contracting arrangements that may expand the work to include better insulating the building as well as high efficiency HVAC equipment. A comprehensive retrofit of this order would serve to further curb operating expenses.

In conclusion, the League supports the CPC recommending funding the Warren request now, and hopes that Warren will seek to complete needed repairs and upgrades in the near future by aggressively seeking outside funds.

Yours,

Terry Yoffie, President