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Community Preservation Committee FUNDING RECOMMENDATION for Allen House, Partial Occupancy

date: 2 September 2014

from: Community Preservation Committee

to: The Honorable Board of Aldermen

PROJECT GOALS & ELIGIBILITY

This project will address the critical preservation and rehabilitation needs of the historic Nathaniel Allen House (35 Webster Street, West Newton), including adding an accessible exterior entrance and restroom. By allowing active use of the main house and wing for arts education, public performances, and related purposes, this project will generate revenue for current maintenance while helping to build the community interest and financial support needed to complete the full Allen House preservation and rehabilitation plan outlined in the November 2013 proposal to the CPC from the building's owner, the Newton Cultural Alliance (NCA).

The Allen House is eligible for CPA funding because it has been on the National Register of Historic Places since 1977 and was designated as a local historic landmark by the Newton Historical Commission in 1998.

RECOMMENDED FUNDING

On 5 August 2014 the Community Preservation Committee voted 6-0 (members Michael Clarke and Thomas Turner absent) to recommend appropriating \$300,000 to the control of Newton's Director of Planning & Development for a grant to the Newton Cultural Alliance, to rehabilitate the Allen House for partial occupancy as described in NCA's 29 July 2014 submission to the CPC.

Allen House - Pre-Development & Partial Occupancy (Initial Phase)		
Uses		% of total
Pre-Development (purchase [\$250,000] and professional services for purchase & permitting)	\$701,950	13.8%
Partial Occupancy (Phase 1, Part 1 - partial rehab. of main house & wing; stabilize barn wall)	\$298,050	5.8%
Initial Phase Total	\$1,000,000	19.6%
Sources		
Capital Campaign (private donations)	\$350,000	6.9%
Bank Mortgage	\$350,000	6.9%
CPA	\$300,000	5.9%
Initial Phase Total	\$1,000,000	19.6%
Allen House - Future Phases of Full Project		
Uses		% of total
Phase 1, Part 2 & Phase 2 (full preservation & rehabilitation, incl. new elevator & landscape)	\$4,100,000	80.4%
Sources		
Capital Campaign (including private funding, Mass. Cultural Council or other foundation grants)	\$1,400,000	27.5%
State Historic Tax Credits (\$600,000 already awarded as of July 2014)	\$1,000,000	19.6%
CPA	\$1,700,000	33.3%
Future Phases Total	\$4,100,000	80.4%
FULL PROJECT TOTAL	\$5,100,000	100.0%

website www.newtonma.gov/cpa

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SPECIAL ISSUES CONSIDERED BY THE CPC

Funding Leverage: NCA's July 2014 summary of "uses & sources" lists CPA funding as less than 40 percent of the total for the full Allen House project. NCA has already raised more than twice as much from non-CPA sources for pre-development costs as the CPA funding requested in its initial, "partial occupancy" proposal. The CPC considers this high leverage for CPA funds appropriate for a privately owned building, although the Committee also recognizes that NCA's planned uses of the building will benefit the community at large.

Development & Operating Budgets: The CPC's two primary concerns about NCA's full proposal for Allen House have to do with budgets. First, it is difficult to judge whether the full project's construction budget is adequate without a 100% design as a basis for estimates. Second, the initial 10-year operating budget that NCA submitted for the full project included no contributions to a reserve for major, predictable future costs (replacing the roof, boilers, etc.). The CPC sees a replacement reserve as especially important for Allen House, where current preservation needs may reflect an ad hoc approach to this issue by some past owners.

Project Phasing: The CPC recognizes that both the final design and the operating budget for the full Allen House project depend critically on the property's future uses. The Committee also supports NCA's decision to address the full project's programming, design and fundraising challenges incrementally, in close collaboration with a steadily growing list of potential paying users for the property.

For the current "partial occupancy" proposal, the CPC therefore recommends waiving some of its usual prerequisites for the initial release of CPA funds, including: the commitment of all non-CPA funds needed to complete the full Allen House project; construction estimates based on a final, completed design for the full project; and a long-term operating budget for the full project that includes a replacement reserve. The CPC anticipates reinstating some of these requirements for subsequent Allen House funding requests.

ADDITIONAL RECOMMENDATIONS (*funding conditions*)

- ◆ **Project Scope & Return of Unspent Funds:** CPA funds must be used for the purposes described in the proposal received by the CPC in July 2014. Funds not spent or spent for any other purpose must be returned to Newton's Community Preservation Fund.
- ◆ **Sources & Allocation of Funds:** Funds should be appropriated from the Community Preservation Fund's historic resources fund balance and reserve, and if needed its general fund balance, and allocated 100% to historic resources.
- ◆ **Deadlines:** Construction should begin within 6 months and be completed within 18 months after the date of any Board order appropriating the recommended CPA funds, or by any extension of these deadlines granted in writing by the CPC officers on behalf of the full CPC.
- ◆ **Reporting:** NCA will provide the CPC and Board of Aldermen with project updates on request, and prior to release of the final 10% of CPA grant funds, will present a final project report in writing and in person to the CPC, including a comparison of budgeted-vs-actual expenditures.
- ◆ **Grant Agreement Key Provisions:** The release of appropriated CPA funds will be governed by a detailed grant agreement, which should include but not be limited to provisions extending the City's current preservation restriction on Allen House to protect historically significant interior as well as exterior features; requiring the City's Planning Dept. to certify in advance the compliance of all planned work at Allen House with the Secretary of the Interior's *Standards for the Treatment of Historic Properties*; and allowing the City to require the repayment of CPA funds released for the "partial occupancy" project (Phase 1, Part 1) if that project fails to go forward, or if NCA sells and/or materially changes the uses of the Allen House property from those described in its November 2013–July 2014 proposals to the CPC.

KEY OUTCOMES

The Community Preservation Committee will evaluate this project based on completion of the "partial occupancy" project (Phase 1, Part 1) described in NCA's July 2014 submissions to the CPC by the deadlines above, without any request for additional CPA funding.

(Attachments to this recommendation are listed on the following page.)

ATTACHMENTS (delivered to the clerks of the Programs & Services Committee and Finance Committee)

Attachments ~~struck-out~~ below are posted separately on the CPC project webpage.

- Copy of CPC project webpage: www.newtonma.gov/gov/planning/cpa/projects/allen.asp

Links to additional information omitted from the Board's printed packet, including all written comments received by the CPC and minutes of all CPC public hearings and public meeting discussions of this proposal.

- ~~Recent project updates from the sponsor to the CPC (25 July 2014 and 3 September 2014)~~
- ~~Scope of work and budgets for "partial occupancy" proposal (29 July 2014)~~
- Summary of anticipated uses & sources for the full project and of sources & uses for all non-CPA funds raised to date (as of 29 July 2014 and 1 September 2014)
- ~~Project description, statement of historic significance, maps and plans from original proposal (November 2013) and public hearing presentation (January 2014)~~

**Newton Cultural Alliance
Allen House Sources and Uses
Non CPA Funds to 9/1/14**

Rec'd by CPC staff 3 September 2014

Allen House - Non-CPA Funding Through Early August 2014

Uses (as of August 2014)	amount	Sources (as of August 2014)	amount
Purchase of land and buildings (\$225K) + closing costs	\$250,000	MA Cultural Council Cultural Facilities Planning Grant	\$19,000
Legal fees: acquisition, Newton Historical Commission, zoning	\$130,000	Private donations	\$334,500
Professional services: architect, engineer, planning consultants	\$220,000	Village Bank line of credit	\$348,000
Operation expenses: finance, insurance, tax, utilities, maintenance	\$101,500		
TOTAL	\$701,500	TOTAL	\$701,500

Notes

1. Minor differences between this table and the 29 July 2014 "Uses & Sources" estimate for the full project reflect rounding and changes between the two dates.
2. This table does not reflect the planned acquisition of 406 Cherry Street, for which the seller accepted an offer from the Newton Cultural Alliance on 26 August 2014.

Allen House - Project Phasing, July 2014					
phase	schedule	Uses (July 2014) locations & scope of work	cost	Sources (July 2014)	amount
Phase 1					
Phase 1, Part 1	2012/2013	Purchase building, legal process for acquisition, zoning, traffic study, engineering plans, architectural drawings and elevations	\$700,000	Capital Campaign Funds received and spent	\$350,000
				Village Bank Credit Line	\$350,000
		Make floors 1 and 2 of the main house usable for nonprofit offices, education, public programs; shore up failing barn wall	\$300,000	CPA request (initial)	\$300,000
Subtotal	Phase 1, Part 1		\$1,000,000		\$1,000,000
Phase 1, Part 2	by fall 2015	rehabilitate exterior of main house and servant's wing and install elevator, plumbing, electrical, some landscape	\$3,100,000	CPA	\$1,300,000
				MCC and/or private funding	\$1,050,000
				State historic tax credits*	\$750,000
Subtotal	Phase 1, Part 2		\$3,100,000		\$3,100,000
TOTAL	PHASE 1		\$4,100,000		\$4,100,000
Phase 2	2016 - 2017	rehabilitate ground & 2 floors of barn as multi use small theater, gallery, classroom	\$1,000,000	CPA	\$400,000
				State historic tax credits	\$250,000
				MCC and/or bank/private funds	\$350,000
Subtotal	Phase 2		\$1,000,000		\$1,000,000
PROJECT TOTAL			\$5,100,000		\$5,100,000

TOTALS by SOURCE	
CPA	\$2,000,000
Private & bank funds (incl. credit line)	\$2,100,000
Historic tax credits	\$1,000,000
Total	\$5,100,000