CCM-101

City of Cambridge

Agenda Item Number 11

IN CITY COUNCIL

June 13, 1983

ORDERED:

That the Cambridge City Council herewith authorizes the City Manager to enter into a facade preservation agreement for 1420-1440 Massachusetts Avenue, which would give the Historical Commission control over future changes in the building and allow the owners a substantial tax deduction, five percent of the value of which is to be donated to the Commission, and be it further

ORDERED:

That the City Treasurer is herewith authorized to establish an expendable trust for the deposit of the donations to be received by the Commission as a result of this agreement.

In City Council June 13, 1983.
Adopted by a yea and nay vote:-
Yeas 7; Nays 0; Absent 2.

A true copy;

ATTEST:- Paul E. Healy

Paul E. Healy, City Clerk.

C. C. 106

Agenda #11

City of Cambridge

MASSACHUSETTS

In City Council 6/13 1983

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Saundra Graham			✓	
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie			✓	
Mayor Vellucci	✓			
	7	0	2	

CITY OF CAMBRIDGE

INTEROFFICE CORRESPONDENCE

To Robert Healy, City Manager **Date** May 13, 1983

From Charles Sullivan, Historical Commission **Reference**

Subject Facade Preservation Agreement for 1420-1440 Massachusetts Avenue

The Historical Commission and the owners of 1420-1440 Massachusetts Avenue have negotiated a facade preservation agreement that would give the Commission control over future changes in the building and the owners a substantial Federal tax deduction. As part of the agreement the owners have agreed to restore the building and donate five per cent of the value of the deduction to the Commission. The Commission seeks approval of the agreement by the City Council and the establishment of an expendable trust by the City Treasurer. Further donations are possible, as the Commission sees this program as a way of encouraging restoration of commercial buildings throughout Cambridge.

The building in question, traditionally known as College House, is a four and five story structure built in stages from 1832 to 1878 that runs from the Harvard Trust Company to the corner of Church Street. It presently has a number of unsightly storefronts on the gournd floor, with air conditioners, utility lines, and the remains of a canopy above. A condition of the agreement is that the owners restore the appearance of the building above the ground floor immediately, and restore the ground floor storefronts as leases expire. The owners are also permitted to construct a small addition on the fifth floor level next to the Harvard Trust Company.

The agreement incorporates architectural plans for the future appearance of the building, and establishes guidelines for such features as signs, materials, and design of storefronts. The Historical Commission is required to review only those changes not included in the drawings. It was drafted in this fashion to limit the Commission's exposure by avoiding the necessity of negotiating separately with each tenant about storefront improvements.

Under the Economic Recovery Tax Act of 1981, an owner of a National Register building is allowed to take a charitable deduction for the value of a facade preservation agreement donated to a non-profit or municipal agency. The value of the agreement is calculated as the difference between the preserved building and the highest and best use. In this case, the difference has been appraised at approximately $224,000. In common with agencies in other cities which have accepted similar agreements, the Commission has established a fee of five per cent of the value to cover the cost of administration and possible defense of the agreement in the future. The owner has agreed to make a donation of about $12,000 to the Commission for this purpose.

The Commission proposes that this fee and others that may be given in the future be placed in an expendable trust to be invested by the City Treasurer, and that the income be available for reinvestment or for the administration of the easement program, as the Commission may decide. Such a trust would hold the principal available in the event that legal defense of the agreement were ever necessary, and allow current use of the income on a discretionary basis. The Commission expects that other owners of commercial buildings will wish to take advantage of this program in the future, and that such a fund could grow to a significant size.

The preservation agreement which is attached for your signature was negotiated for the Commission by myself and William B. King, vice-chairman of the Commission and a partner at Goodwin, Proctor & Hoar. Mr. King and I feel that this agreement meets the requirements of the Federal Tax Act and M.G.L. Chapter 184, Sections 31-33, and that the proposed trust would conform to the requirements of Chapter 44, Section 53A. We hope that you will find the agreement acceptable and will forward it to the City Council for their consideration.

cc: William B. King, Esq.
    Edward Cunningham, Esq.

CMS/pb


HARVARD SQ.

11.

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

June 13, 1983

To the Honorable, the City Council:

I transmit herewith communication from the Historical Commission requesting City Council approval of a facade preservation agreement for 1420-1440 Massachusetts Avenue, which would give the Commission control over future changes in the building and give the owners a substantial tax deduction. The owners plan to restore the building and donate five percent of the value of the deduction to the Commission. The Commission further requests Council approval of the establishment of an expendable trust by the City Treasurer as further donations are possible.

Passage of the enclosed order authorizing the City Manager to enter into this agreement and to establish an expendable trust by the City Treasurer is recommended.

Very truly yours,

Robert W. Healy
City Manager

RWH/b

Agenda Item Number Eleven H-80

Re: requesting approval of a facade preservation agreement for 1420-1440 Mass. Avenue.

6/15/83
copies sent to City Manager, City Council Office, Treasurer, Auditor & Historical Commission mh

In City Council,

June 13, 1983

6/13/83

MV/A

7-0-2