

# **SITE REUSE STUDY** **for the** **Former Neuweiler Brewery Site** **“Brewer’s Hill”**

**401 – 451 N. Front street**  
**City of Allentown**  
**Lehigh County**  
**Commonwealth of Pennsylvania**

Prepared For:  
**The City of Allentown**

In Partnership with:  
**Allentown Economic Development Corporation**

Presented By:  
**Cornerstone Consulting Engineers**  
**KSK Architects Planners Historians, Inc**  
**Urban Partners**

## **Executive Summary** **JULY 2012**

This project is supported jointly by a grant from the Pennsylvania Historic and Museum Commission and the U.S. Environmental Protection Agency through a sub-grant from the Lehigh Valley Economic Development Corporation’s Land Recycling Initiative.



## Project Consulting Team

Led by:



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Supported by:

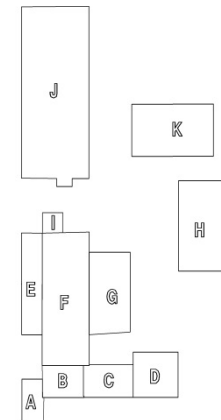


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# BREWER'S HILL DEVELOPMENT



## LOCATION EXHIBIT

Former Neuweiler Brewery City of Allentown Lehigh County Commonwealth of Pennsylvania  
Neuweiler Site Reuse Study

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## **EXECUTIVE SUMMARY**

### **SUBJECT:**

The City of Allentown, in partnership with Allentown Economic Development Corporation (AEDC), Lehigh Valley Economic Development Corporation's (LVEDC) Lehigh Valley Land Recycling Initiative (LVLRI), retained Cornerstone Consulting Engineers and Architectural, Inc., in collaboration with KSK Architects Planners Historians, Inc. and Urban Partners, to perform a Site Reuse Study for the former Neuweiler Brewery Site. Cornerstone and its partners understand that this Study is to be integrated into the larger Lehigh River Waterfront Master Plan and is intended to provide a comprehensive analysis of the existing physical amenities, local and regional economic markets, and potentially available funding in order to determine the feasibility of the proposed reuse alternatives for the site. Funding for the Site Reuse Study was provided through a Pennsylvania Historical and Museum Commission (PHMC) Keystone Historic Preservation Grant and a United States Environmental Protection Agency (EPA) Brownfields Assessment Sub-Grant via LVEDC.

### **BACKGROUND:**

The subject property is located at 401-451 North Front Street, City of Allentown, Lehigh County, Pennsylvania in what is known as the "Brewer's Hill" section of the City within the Waterfront Master Plan. The overall site consists of approximately 4.35 acres which is divided into two separate parcels further identified as Tax Parcel ID (PIN): 640744636969 (Front Parcel) and Tax Parcel ID (PIN): 640744852027 (Rear Parcel). Together, the two parcels are comprised of 11 masonry and steel framed structures which have a combined approximate floor area of 157,000 square feet.

Constructed in 1913, the original complex housed the former Neuweiler & Son Brewery until its eventual closing in 1968. The site is currently listed on the National Register of Historic Places as well as the Preservation Pennsylvania's "Pennsylvania at Risk" list, and was one of the City of Allentown's largest employers. While the buildings have been vacant and/or underutilized since the Brewery's closing; the towering structure and copper cupola atop the brew house has been an iconic part of the City's skyline for nearly 100 years symbolizing Allentown's rich industrial history.

The Neuweiler Brewery complex is located within the larger context of the Lehigh River Waterfront. The Neuweiler Site Reuse Study has been conducted in close coordination with the Lehigh River Waterfront Master Plan that will address the need for an overall plan to direct a phased development approach of the approximately 120 acre study area. A completed Lehigh River Waterfront Plan will also serve to attract the additional developers needed to complete the full reuse of the waterfront over the next decade. With its combination of location, existing physical amenities and historical significance, the Neuweiler Brewery Site, (a.k.a. "Brewer's Hill Area" in the master plan) has been identified as an important focal point for the redevelopment of the waterfront area.

In addition, the Neuweiler Brewery is located in the newly created Neighborhood Improvement Zone (NIZ). The NIZ consists of approximately 125 acres located in center city Allentown and along the western side of the Lehigh River. The NIZ was established for the purposes of revitalization and furthering development and redevelopment in the City. The NIZ Act (see appendix E) provides that qualified state and local tax revenues may be used for payment of debt service on bonds or loans issued for the improvement and development of qualified capital improvements within the NIZ.



Aerial Map of Neuweiler & Son Brewery (Letter designate each structure examined)

## **METHODOLOGY:**

It is understood that the ultimate purpose of this Site Reuse Study is to facilitate the eventual reuse of the Neuweiler Brewery Site by providing the City of Allentown with an assessment which can be used as a marketing tool to garner interest among potential investors. As such, it is the intent of this report to provide the information necessary to allow prospective developers to accurately assess the variables associated with their investment by determining the funding gap between the costs of the necessary construction modifications and potential financing resources. Cornerstone and its consultants have taken a three pronged approach to collecting and analyzing the data required in order to determine the most feasible reuse alternatives for development of the site.

The following is a brief description of the methods utilized to collect the necessary data and how that information was used to determine the appropriate reuse alternatives:

### **PHYSICAL FACILITIES ANALYSIS:**

The purpose of this section of the report is to provide a complete understanding of the current conditions of the existing site and how it relates to the feasibility of the proposed reuse alternatives. To complete this analysis, Cornerstone visited the site and reviewed all of the data associated in order to determine the size, layout and condition of the existing structures and amenities on site. This information was then analyzed to determine the required costs to complete the construction defined in the proposed reuse alternatives.

### **HISTORIC STRUCTURE REPORT:**

The function of the Historic Structure Report is to identify the elements of the site that are essential to maintaining the historical essence of the facility, and to determine what modifications can and cannot be made during the development process in order to maintain eligibility for potential Federal Historic Rehabilitation Tax Credits which can be used to help fund the project. In order to collect the data required to complete this portion of the report, our team reviewed the archived plans and documentation provided by the City of Allentown as well as information gathered from the National Register nomination. Additionally, our team performed a site visitation to gain an understanding of the physical facilities and to identify any significant “character-defining” features. After a detailed analysis of the data collected, our team then provided a narrative describing an overall approach and strategy to preserve the significant features of the site using the standards set forth by the Secretary of the Interior’s “Standards for Rehabilitation”.

### **FINANCIAL FEASIBILITY ANALYSIS:**

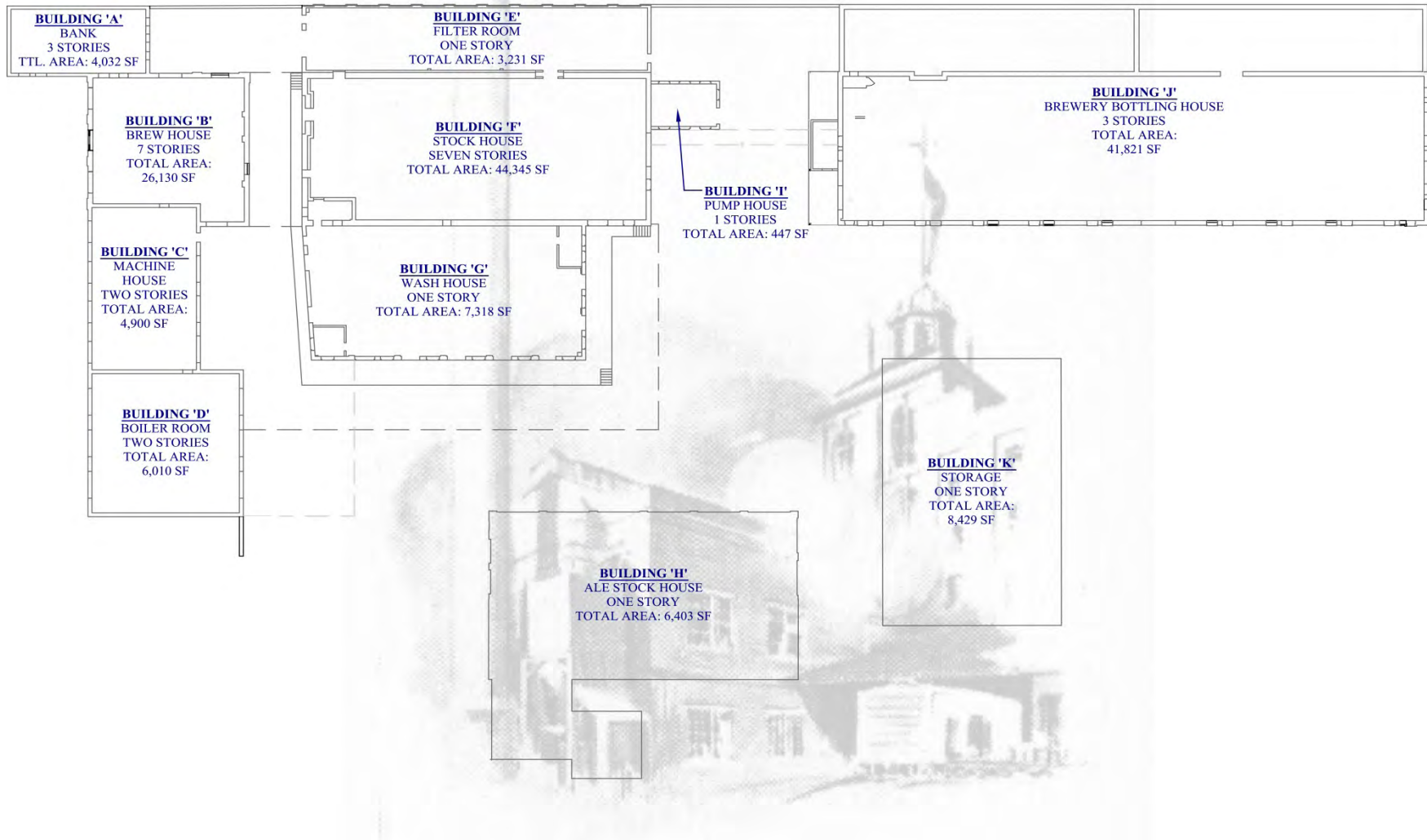
The purpose of the Financial Feasibility Analysis is to provide a market feasibility study for the individual proposed uses for the site and to perform an analysis of the construction costs and available funding sources for each reuse alternative. In order to accomplish this task, our team collected the data required to perform a market feasibility study to assess an array of potential reuse options to determine their probability of successful implementation. This information was then compared to the data garnered from both the Physical Facilities analysis and Historic Structure Report to facilitate a comprehensive cost analysis for each of the proposed reuse alternatives in order to provide prospective investors with the information required to assess their interest in developing the Neuweiler Brewery Site.

## **SUMMARY OF FINDINGS:**

The following is a summary of the project scope, use types and locations, parking scenarios, total development costs, total potential project financing, and the remaining project financing gap for each of the five proposed reuse alternatives.

Please note that the potential financing figures herein have been derived using various sources including First Mortgage Debt, Neighborhood Improvement Zone Financing (NIZ), New Markets Tax Credits (NMTC), Historic Preservation Tax Credits (HPTC) and Economic Equity. Please refer to Section 4 of this report entitled “Financial Feasibility Analysis” for a brief description of the different financing tools and additional detail on assumptions used to generate preliminary pro forma for each alternative evaluated.

# BREWER'S HILL DEVELOPMENT



## STRUCTURE OVERVIEW

# BREWER'S HILL DEVELOPMENT



- Building A: Office
- Building B: Brew House
- Building C: Machine House
- Building D: Boiler House
- Building E: Filter Room
- Building F: Stock House
- Building G: Wash House
- Building H: Ale Stock House
- Building I: Pump House
- Building J: Botting House
- Building K: Storage



## LEVELS OF TREATMENT

### Level 1: Building Exteriors and Awnings

The exteriors of all buildings in the complex, and the awnings on Buildings G and J, retain a high degree of historic integrity. In a Level 1 preservation zone, historic materials and architectural elements should be restored or replicated in order to retain the significant architectural features of the building.

### Level 2: Interior of Buildings A and B

The interiors of the Office and Brew House have deteriorated to some degree, primarily due to water infiltration. However, distinctive architectural features remain intact. In Level 2, finishes and architectural elements should be restored or replicated where possible to retain significant features of the building. Existing historic fabric should not be removed. The rooms should reflect their appearance during the period of significance with some alterations as required by the reuse program.

### Level 3: Interior of Buildings C, D, E, F, G, H, I, J, and K

The interiors of these buildings have suffered from extensive water damage, fire, and other deterioration, or otherwise do not exhibit important characteristics of the Neuweiler Brewery. In a Level 3 preservation zone, any remaining historic materials should be retained or repaired, but if missing or damaged, materials may not be replicated. Interior spaces may be divided and existing partitions may be retained or removed. No divisions will be permanent.

### Level 4: Addition to Building H

The cold storage structure added to the east side of Building H is outside of the period of significance for the Neuweiler Brewery, and is not consistent with the character of the complex. This addition could be demolished without adversely affecting the integrity of the historic resource.

## Preservation Zones

- Level 1 Exterior elevations, awnings, & retaining walls
- Level 2 Office Building and Brew House interiors
- Level 3 Interiors of Buildings C, D, E, F, G, H, I, J, and K
- Level 4 Addition to Building H

## EXISTING CONDITIONS - PRESERVATION ZONES





# BREWER'S HILL DEVELOPMENT

## LEGEND

- Brew Pub / Theme Restaurant
- Apartments
- Retail / Restaurant
- School
- Rehabilitation Parking
- Artist Studios
- Office Rehabilitation
- New Parking Structure
- New Office
- Not Used

## Alternative 1:

Full Preservation – Apartments / Office Use

### Usage Summary

- Brew-Pub - 7,400 sq. ft. (approx. 320 seats)
- Apartments - 60,000 sq. ft.
  - 66 units
  - 30 - 1 bedroom (675 SF Average @ \$850/month)
  - 36 - 2 bedroom (875 SF Average @ \$1,025/month)
- Retail - 7,000 sq. ft.
- Restaurant - 3,000 sq. ft.
- Offices - 12,000 sq. ft.
- TOTAL Building Area 89,400 sq. ft.**

- **Parking Availability** 234 to 276 spaces  
Combination of surface parking provided on-site, street parking using inside existing structures

- **Total Development Costs: \$ 29,715,000**
  - Acquisition \$ 2,000,000
  - Construction \$ 22,305,000
  - Soft Costs \$ 4,760,000
  - Carry Costs \$ 650,000

- **Total Potential Financing: \$ 27,310,000**
  - First Mortgage Debt \$ 7,500,000
  - NIZ Financing \$ 5,500,000
  - NMTC Equity \$ 6,540,000
  - HPTC Equity \$ 4,870,000
  - Economic Equity \$ 2,900,000

- **Estimated Funding Gap: \$ 2,400,000**

- **Estimated Return on Investment Equity = 4.91%**



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# BREWER'S HILL DEVELOPMENT



## BUILDING ALTERNATIVE 1

Former Neuweiler Brewery City of Allentown Lehigh County Commonwealth of Pennsylvania  
 Neuweiler Site Reuse Study

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# BREWER'S HILL DEVELOPMENT

## Alternative 1A:

Full Preservation – Office Use – Construction of a New Parking Structure

### Usage Summary

Brew-Pub	7,400 sq. ft. (approx. 320 seats)
Retail	7,000 sq. ft.
Restaurant	3,000 sq. ft.
Offices	72,000 sq. ft.
<b>TOTAL Building Area</b>	<b>89,400 sq. ft.</b>

### Parking Availability

400 to 408 spaces

Combination of surface parking provided on-site, street parking, using inside existing structures and construction of a new parking structure to accommodate at least 272 spaces.

### Total Development Costs: \$ 36,875,000

Acquisition	\$ 2,000,000
Construction	\$ 27,480,000
Soft Costs	\$ 5,795,000
Carry Costs	\$ 1,600,000

### Total Potential Financing: \$ 33,755,000

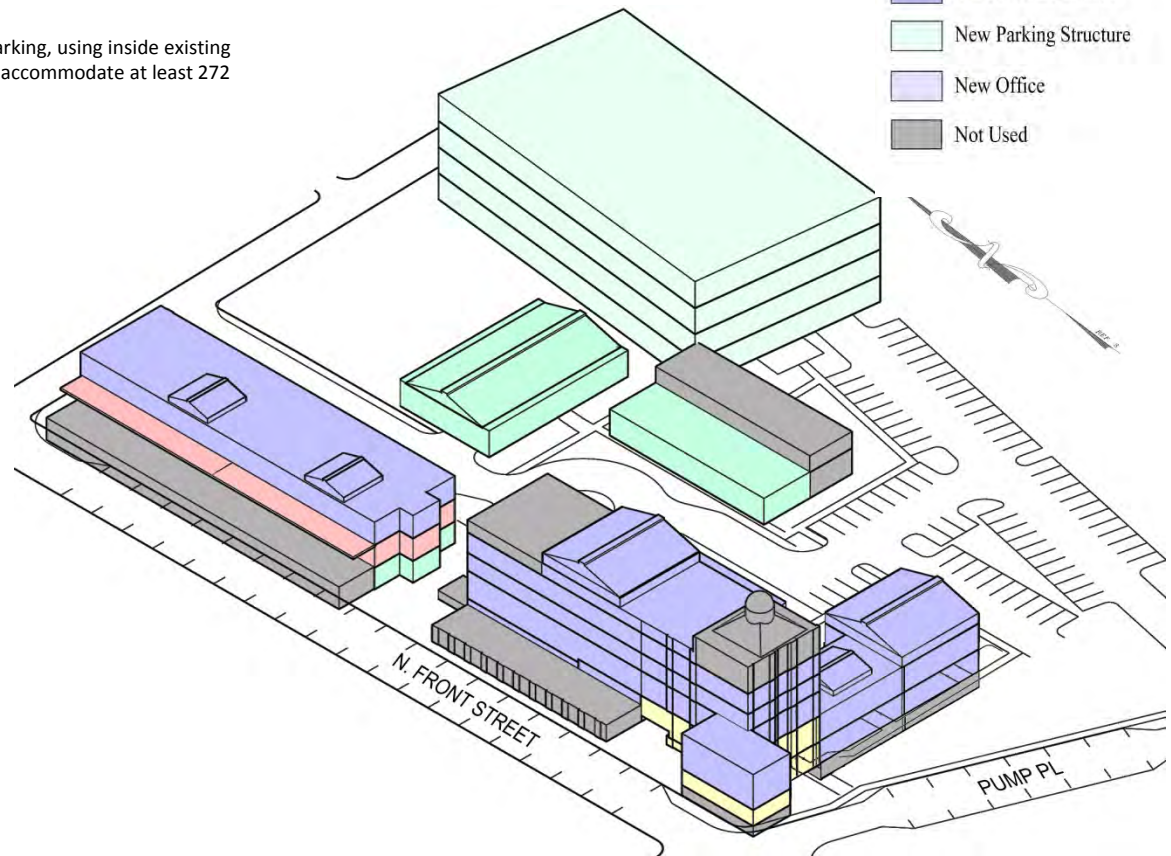
First Mortgage Debt	\$ 5,500,000
NIZ Financing	\$ 13,875,000
NMTC Equity	\$ 8,110,000
HPTC Equity	\$ 4,870,000
Economic Equity	\$ 1,400,000

### Estimated Funding Gap: \$ 3,120,000

### Estimated Return on Investment Equity = 4.99%

## LEGEND

	Brew Pub / Theme Restaurant
	Apartments
	Retail / Restaurant
	School
	Rehabilitation Parking
	Artist Studios
	Office Rehabilitation
	New Parking Structure
	New Office
	Not Used



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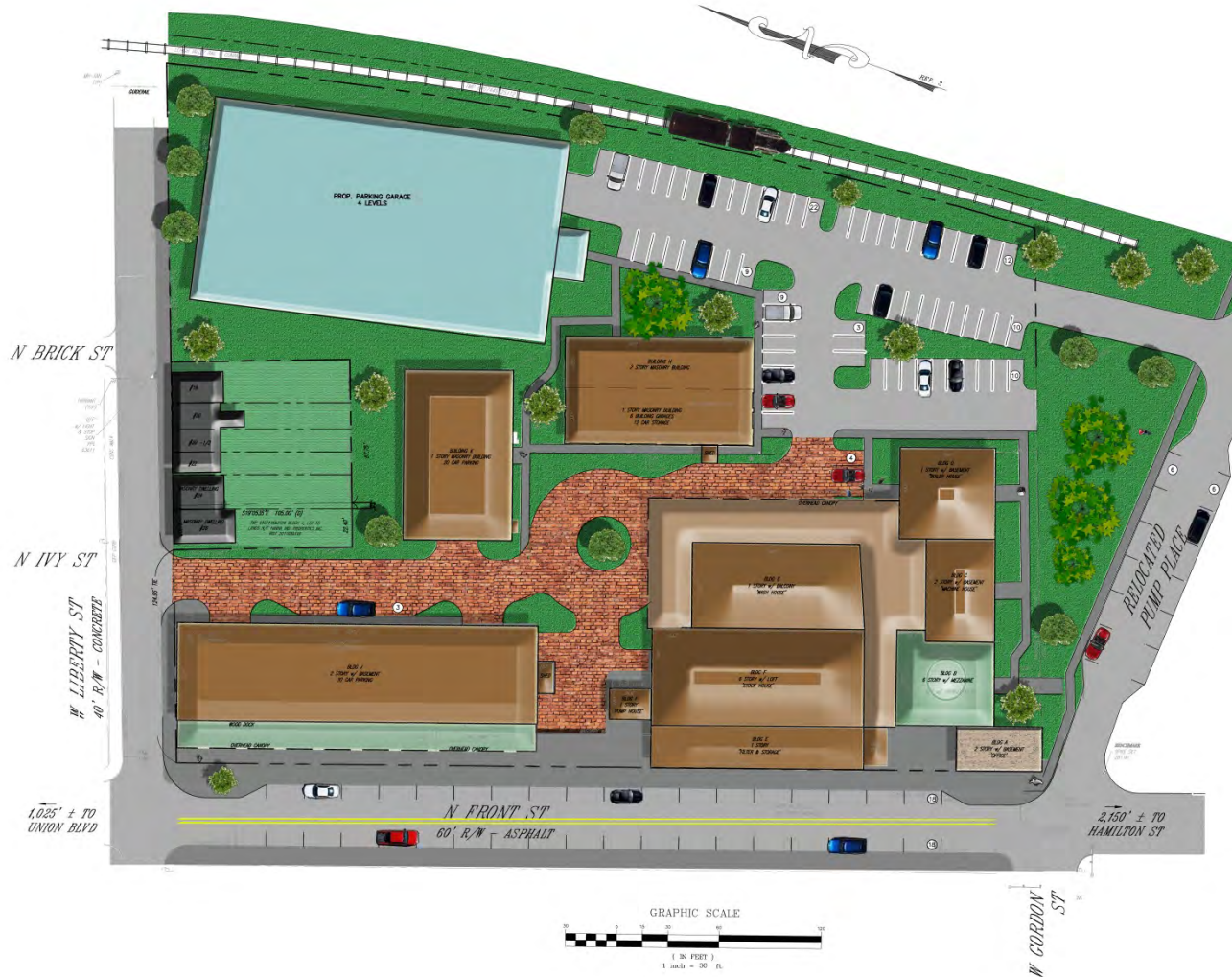
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# BREWER'S HILL DEVELOPMENT



## BUILDING ALTERNATIVE 1A

# BREWER'S HILL DEVELOPMENT

## Alternative 2:

Partial Preservation: Demolition of Buildings H & K - Apartments / School / Office Use

### Usage Summary

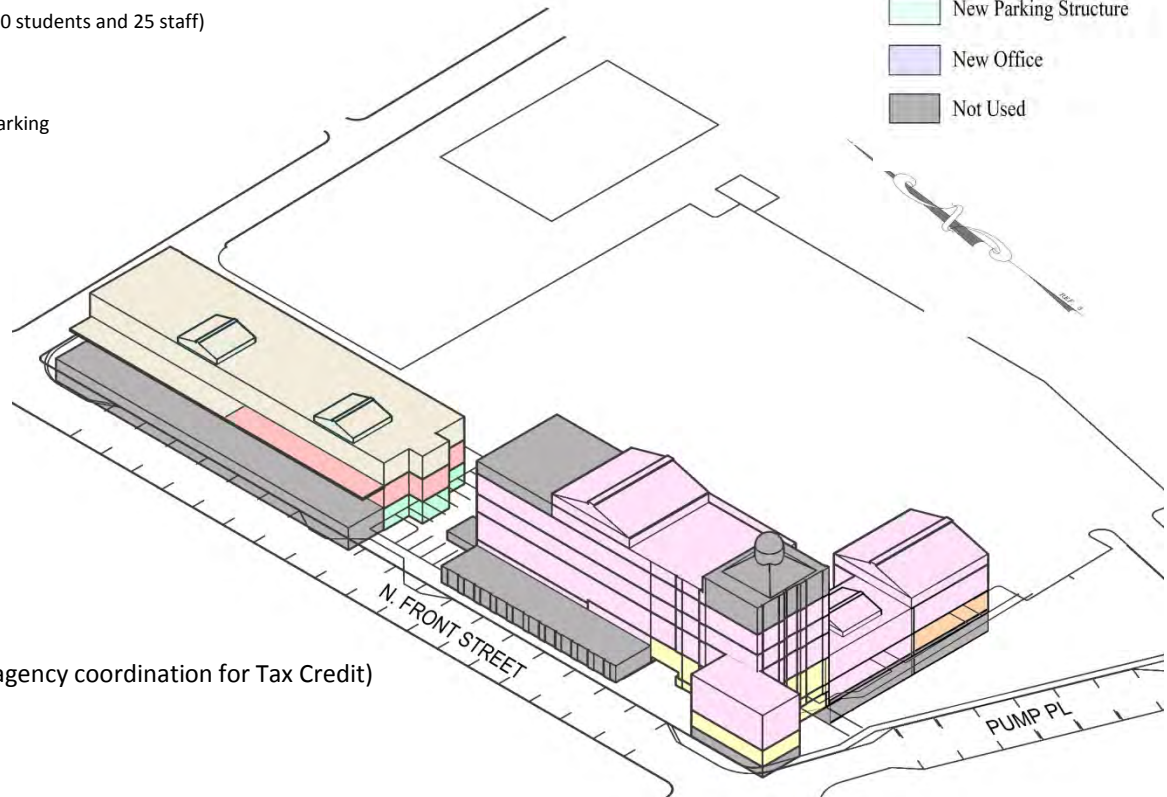
- Brew-Pub - 7,400 sq. ft. (approx. 320 seats)
- Artist Studio - 2,700 sq. ft.
- Apartments - 57,000 sq. ft.
  - 63 units
  - 28 - 1 bedroom (675 SF Average @ \$850/month)
  - 35 - 2 bedroom (875 SF Average @ \$1,025/month)
- Retail - 5,000 sq. ft.
- Charter School - 17,000 sq. ft. (Assumes 360 students and 25 staff)
- TOTAL Building Area 89,100 sq. ft.**

- **Parking Availability** 256 to 276 spaces  
Combination of surface parking provided on-site, street parking and using inside existing structures

- **Total Development Costs: \$ 27,915,000**
  - Acquisition \$ 2,000,000
  - Construction \$ 20,815,000
  - Soft Costs \$ 4,475,000
  - Carry Costs \$ 625,000
- **Total Potential Financing: \$ 24,480,000**
  - First Mortgage Debt \$ 7,425,000
  - NIZ Financing \$ 3,440,000
  - NMTC Equity \$ 6,140,000
  - HPTC Equity \$ 4,550,000 (Close agency coordination for Tax Credit)
  - Economic Equity \$ 2,925,000
- **Estimated Funding Gap: \$ 3,435,000**
- **Estimated Return on Investment Equity = 4.92%**

## LEGEND

- Brew Pub / Theme Restaurant
- Apartments
- Retail / Restaurant
- School
- Rehabilitation Parking
- Artist Studios
- Office Rehabilitation
- New Parking Structure
- New Office
- Not Used



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# BREWER'S HILL DEVELOPMENT

## Alternative 2A:

Partial Preservation: Demolition of Buildings H & K - Office Use

### Usage Summary

- Brew-Pub - 7,400 sq. ft. (approx. 320 seats)
- Apartments - 60,000 sq. ft.
  - 66 units
  - 30 - 1 bedroom (675 SF Average @ \$850/month)
  - 36 - 2 bedroom (875 SF Average @ \$1,025/month)
- Retail - 7,000 sq. ft.
- Restaurant - 3,000 sq. ft.
- Office - 12,000 sq. ft.
- TOTAL Building Area 89,400 sq. ft.**

- **Parking Availability** 256 to 276 spaces  
Combination of surface parking provided on-site, street parking, using inside existing structures.

- **Total Development Costs: \$ 27,915,000**
  - Acquisition \$ 2,000,000
  - Construction \$ 20,815,000
  - Soft Costs \$ 4,475,000
  - Carry Costs \$ 625,000
- **Total Potential Financing: \$ 26,440,000**
  - First Mortgage Debt \$ 7,500,000
  - NIZ Financing \$ 5,350,000
  - NMTC Equity \$ 6,140,000
  - HPTC Equity \$ 4,550,000 (Close agency coordination for Tax Credit)
  - Economic Equity \$ 2,925,000
- **Estimated Funding Gap: \$ 1,475,000**
- **Estimated Return on Investment Equity = 5.05%**

## LEGEND

-  Brew Pub / Theme Restaurant
-  Apartments
-  Retail / Restaurant
-  School
-  Rehabilitation Parking
-  Artist Studios
-  Office Rehabilitation
-  New Parking Structure
-  New Office
-  Not Used



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# BREWER'S HILL DEVELOPMENT

## Alternative 3:

Substantial Redevelopment – Office Use – Construction of a New Parking Structure

### Usage Summary

- Theme Restaurant 7,400 sq. ft. (approx. 320 seats)
- Office Rehab 32,000 sq. ft.
- Retail - 7,000 sq. ft.
- Restaurant - 3,000 sq. ft.
- New Offices - 107,200 sq. ft.

**TOTAL Building Area 156,600 sq. ft.**

### Parking Availability

553 to 603 spaces

Combination of surface parking provided on-site, street parking, using inside existing structures and construction of a new parking structures to accommodate up to 800 spaces

### Total Development Costs: \$ 52,480,000

- Acquisition \$ 2,000,000
- Construction \$ 38,405,000
- Soft Costs \$ 10,075,000
- Carry Costs \$ 2,000,000

### Total Potential Financing: \$ 47,080,000

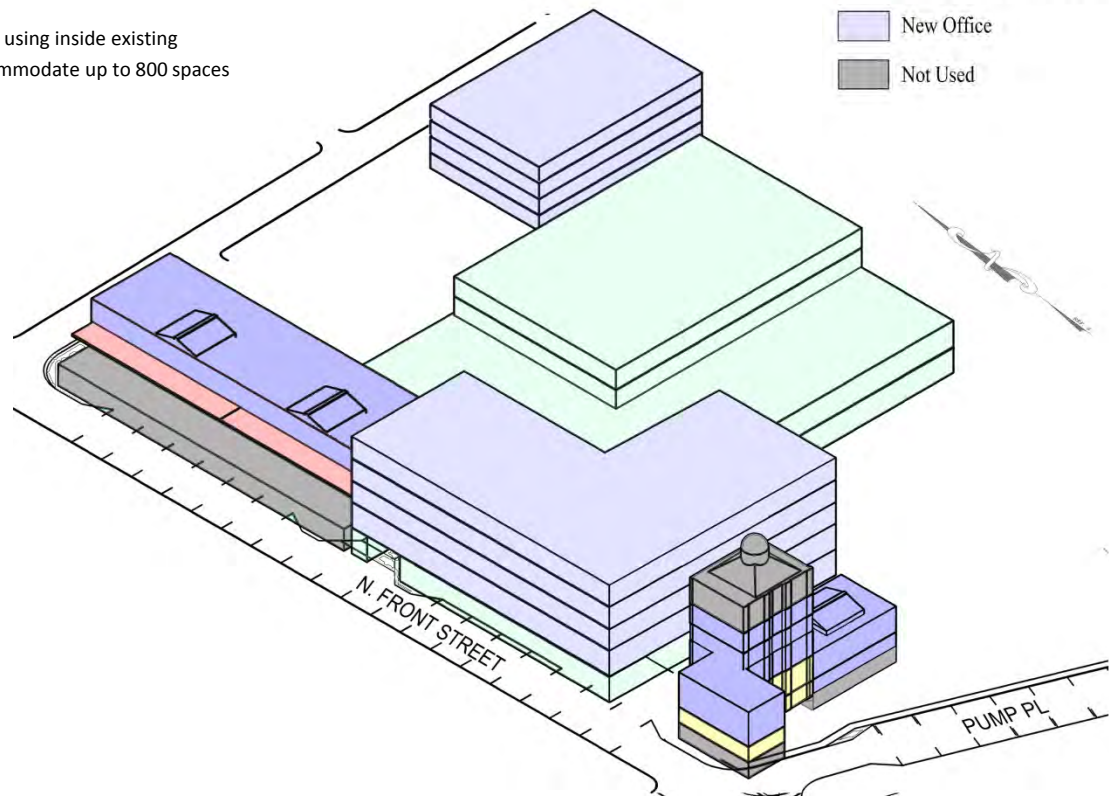
- First Mortgage Debt \$ 9,300,000
- NIZ Financing \$ 23,435,000
- NMTC Equity \$ 11,545,000
- Economic Equity \$ 2,800,000

Estimated Funding Gap: \$ 5,400,000

Estimated Return on Investment Equity = 5.06%

## LEGEND

- Brew Pub / Theme Restaurant
- Apartments
- Retail / Restaurant
- School
- Rehabilitation Parking
- Artist Studios
- Office Rehabilitation
- New Parking Structure
- New Office
- Not Used



Prepared By:

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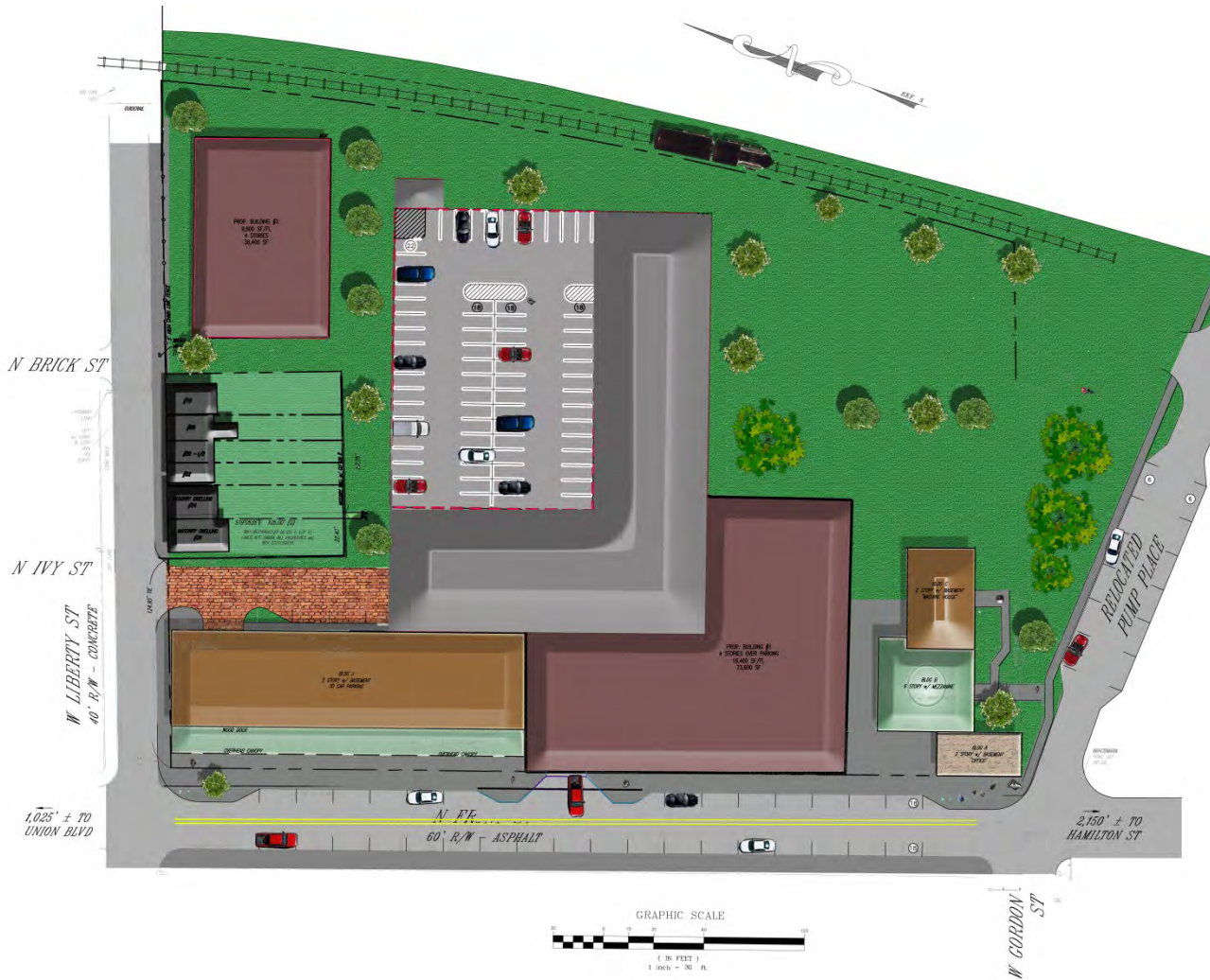
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# BREWER'S HILL DEVELOPMENT



## BUILDING ALTERNATIVE 3



# BREWER'S HILL DEVELOPMENT



## REFINISHED BUILDING FRONT

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Neuweiler Site Reuse Study

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# BREWER'S HILL DEVELOPMENT



## REFINISHED BUILDING REAR

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**Re-Use Feasibility Summary:**

Based on the estimated construction costs and potential funding resources as they relate the re-use alternatives it has been determined that Alternative 2a initially minimizes the financing gap associated with the development scenarios defined herein. However, as the demolition of a portion of the existing structures may not allow for the use of historic preservation tax credits, it has been determined **that** alternative 1 (*renovation of the all existing structures for apartments*) is the most feasible use of the current site and available funding.

Based on preliminary financial feasibility analysis financing gaps would need to be met through other sources. Potential sources of gap financing may include items such as subordinated purchase money mortgage, short-term real estate tax abatements through Pennsylvania's Local Economic Revitalization Tax Assistance (LERTA) program, and extending the NIZ Bond term to 25 years.