

## Notes<sup>1</sup> from Meetings and Phone Calls Regarding Northampton State Hospital:

**December 10, 2013. Telephone conversation between Gil Rodgers and Beth Murphy, Project Manager for Village Hill, MassDevelopment, Cell: 617-309-7058; [EMurphy@massdevelopment.com](mailto:EMurphy@massdevelopment.com)**

**December 23, 2013. Meeting among Gil Rodgers, Ros Smythe and Pat Goggins<sup>2</sup>, Former City Councilman, Member of CAC, President Goggins Real Estate, Cell: 413-531-1659; [patrickgoggins@gogginsrealestate.com](mailto:patrickgoggins@gogginsrealestate.com)**

**January 9, 2014. Meeting and tour with Beth Murphy, Project Manager, Gil Rodgers and Ros Smythe**

**Website: <http://villagehillnorthampton.com/>**

### **Background**

Northampton State Hospital (NSH) was a large state mental institution located at the foothills of the Berkshire Mountains that closed down by stages between 1977 and 1993 as the policy of deinstitutionalization of the mentally ill was put in place. At its peak it had 2500 patients, 509 staff, and three shifts, and provided employment for residents of Northampton and surrounding towns in Central Massachusetts.

In 1978 the Brewster Consent Decree<sup>3</sup> was issued initiating the closure of mental health facilities -- including NSH -- and transferring patients to private homes and community-based mental health facilities. By 1993 the facility was fully closed and ultimately transferred to DCAMM as surplus government property. The entire site consisted of approximately 536 acres of which the core campus comprised approximately 126 acres. In the mid-1990's, DCAMM issued a RFP to sell the 126 acre core campus property to a developer. The only interested bidder was The Community Builders, Inc., a national non-profit organization dedicated to providing affordable housing. The Town and State agreed to work with Community Builders, but the project proved too large for the non-profit, at which point MassDevelopment, a quasi-public state agency, agreed to partner with them. Ultimately, MassDevelopment became and continues to be the Managing Partner of Hospital Hill Development LLC (HHD). This entity has overseen the gradual building out of the Master Plan for the site.

The closing of the hospital created an opportunity to address the most pressing housing and economic development needs of the Northampton community. A Citizens Advisory Committee (CAC) was created with the mission to set the parameters of the goals and objectives of the development. The CAC used numerous meetings with elected officials and the general public to target the economic and social needs that would be addressed by the redevelopment of this site. Under the leadership of MassDevelopment and with the participation of public and private agencies, elected officials, and Northampton residents an

---

<sup>1</sup> Notes prepared by Gil Rodgers. Edits and review by Ros Smythe.

<sup>2</sup> Pat Goggins' father was the head superintendent from 1958 to 1983 (25 years,) and consequently Pat had the experience of growing up as a child living in a home on the hospital grounds.

<sup>3</sup> On January 6, 1978 the United States District Court approved the Brewster Consent Decree, also known as the Northampton Decree which made clear a patient's constitutional right to treatment in the least restrictive environment possible.

ambitious reuse Master Plan for the property was developed with multiple public interest goals -- job creation, business development, tax base growth, affordable housing, open space preservation, and historic preservation. Even smaller details, such as the type of allowable architecture and trees to be preserved, were included in the decision-making process. Community Builders retained the responsibility to manage and fund the building of affordable homes on the site and manage the rental apartment buildings.

The core campus was originally surrounded by a large farm producing vegetables, fruits, meat, eggs, milk, and other products to not only make it self-sufficient but to supply other hospitals. To retain this heritage, permanent open space – explicitly written into the legislation<sup>4</sup> -- was designated for the remaining 405 acres ensuring in perpetuity open space, agricultural property, community gardens, walking trails, and a link via a bike path to downtown Northampton.

### **Project Description**<sup>5</sup>

The former NSH has been reclaimed from a blighted condition and transformed into the Village Hill at Northampton: a mixed-use community, compatible with surrounding neighborhoods, located close to downtown via trails and a new public transit stop, and contributing to the growth of Northampton's commercial and residential tax base and employment base. According to Pat Goggins, redevelopment of the former NSH was one of the most important economic development, affordable housing, and smart growth initiatives in the history of the City. The plan follows the Traditional Neighborhood Development guidelines creating a village style setting integrating compact scale, small lots, mixed uses, walkable design, and community character implemented through a special zoning district.

This 126-acre site originally included 880,000 square feet of existing space in 47 buildings on the main campus. Approximately 680,000 square feet of deteriorated buildings were demolished to make way for new housing and commercial development. One building – “Old Main” -- occupied 500,000 sf and after years of debate was finally environmentally abated of hazardous materials such as asbestos and demolished at an expense of \$7,000,000 (\$14/sf.) Old Main was a landmark at the hospital following the Kirkbride architectural style, and held very strong sentiment and historical value within the community. Four (4) of the original structures were retained and renovated including the Coach House, Men’s Attendant’s Building, and two other buildings (see photos below.) The redevelopment plan required new access roadways and improvements to existing roadways and intersections serving the campus.

### **Summary of Final Land Uses**<sup>6</sup>

As shown in in the Land Use Summary Chart below, the property has been broken down into many different uses, including residential, light-industrial, and retail. Even though approximately 75% of the site has been retained as open space, the remaining acreage is utilized to provide a variety of residential and economic opportunities.

---

<sup>4</sup> Acts of 1994, Chapter 86, “An Act Providing for the Disposition of Certain Property at Northampton State Hospital,” Sections 12 – 14. See Appendix A for summary.

<sup>5</sup> This section uses material from: <http://www.northamptonma.gov/documentcenter/view/1026>

<sup>6</sup> <http://www.northamptonma.gov/DocumentCenter/View/823>

Land Use Summary	Area (Acres)	Percent
Redevelopment of Village Hill for Residential, Commercial and Retail Use (Main Campus)	82	15
Ice Pond Redevelopment for Affordable Residential Use	14	3
Other State and Local Public Uses (Haskell Building, Hampshire Corrections)	35	7
Permanent Open Space (Agriculture, Recreation, Wetlands)	405	75
<b>Total</b>	<b>536</b>	<b>100</b>

### Summary of Existing and Planned Housing Units<sup>7</sup>

The Summary of Existing and Planned Housing Units is below. The residential portion includes 207 residential units, 50% of which are affordable in the Northampton area, which is in the \$325–350 thousand range. Housing architecture reflects the Craftsman, Farmhouse, and Arts and Crafts designs to harmonize with the surrounding neighborhoods. The mix of residential units includes rental apartments and townhouses, condominiums and single-family homes. Homes are being designed and built adopting “green” construction standards that qualify for LEED and Energy Star certification, and HERS Rating of 47 indicating very high energy efficiency. A designated number of homes have a zero net-energy balance through the use of PV solar cells on the roofs producing electricity, high levels of insulation, and multi-pane windows. An 83-unit assisted living facility is also being developed.

Housing Types	Number	Description
Multi-Family Apartments and Condominiums	73	The Community Builders, Inc., non-profit organization - \$330 – 750K
Townhouses	27	12 additional units to be built in future
Flats	12	2 floor condos
Affordable and Market Rate Single Family Homes	78	High-end Builders: Wright Builders, Agora Homes, and Pecoy Companies
<b>Total</b>	<b>190</b>	<b>Maximum number of residential units 323</b>

Many of the residents for the single family homes are New Urbanites, empty-nesters, and retirees preferring a small, nice home or apartment in a walkable area, near community gardens, and close to a vibrant municipality than the larger home with a big lawn to care for. Surprisingly there has not been the big influx of children that had been feared.

<sup>7</sup> Phone conversation with Beth Murphy 12/10/2013

### **Industrial, Commercial, and Government Uses**

The project master plan includes 200,000-300,000 sf of new and renovated commercial space, including office, retail, and medical facilities. The Master Plan also includes land for light industrial buildings on the South Campus (i.e., south of Chapel and Prince Streets); approximately 200,000 sf of building space and 517 parking spaces have been allocated. When completed the project is expected to result in the creation or retention of 400 - 800 jobs and \$99 million in private investment.<sup>8</sup>

L-3 KEO (formerly Kollmorgen) built a 140,000 sf facility on one parcel of land relocating from its out-grown King Street building in Northampton that employs 300 people involved in the design and manufacturing of electro-optical sensor and weapon systems for submarines, surface ships, combat vehicles, and other defense platforms. Volz Clarke Associates (VCA,) Inc., an architect and builder of custom made office furniture and interiors, occupies a new 20,000 sf building. Commercial office space (16,000 sf) has been renovated in the Gate House and is now occupied by Fazzi Medical Associates, Liberty Mutual Insurance, and a coffee shop.

The Coach House is being renovated for an emergency veterinarian hospital with residence for vets on the second floor. (See photo below.) The Coach House was under contract for two times and had been on the market for 10 years before ultimately sold to the veterinarians. The cost of remediation and renovation is sufficiently high such that the structure ultimately sold for only \$200,000, but the project may still only break-even. Funding for a Montessori School is being solicited for a site in the north-western corner of the property. Also, currently under discussion is the renovation of the original Male Attendant's Building, enhanced by distinctive Georgian pillars.

The Hampshire County Jail and House of Corrections (i.e., the local jail) is located on a remote location on the grounds a-top a hill with a beautiful view of the surrounding hills, forests, and fields, but separated from the core campus. (See photo.)

The Haskell Building is operated by the Massachusetts Department of Mental Health and houses multiple government offices; it is located on the southern edge of the campus on Prince Street ("H" shaped building in Master Plan shown below.)

### **Recreational and Vocational Uses**

Smith Vocational School utilizes approximately 300 acres for agriculture/preservation of open space continuing farming operations that took place on the surrounding fields.

Athletic fields, such as baseball and soccer fields, occupy approximately 15 acres.

Community Gardens, occupy approximately eight acres, and the City of Northampton controls 420 plots currently managed entirely by its 250 members.

Two and one-half miles of scenic walking and bicycle trails meander through the property, along the Mill River, and connect to Smith College and downtown Northampton.

---

<sup>8</sup> MassDevelopment, "Village Hill Northampton," Slide Presentation, May, 9, 2013.

## **Public/Private Partnership Development Process**

- Northampton, the Commonwealth, the federal government, and the non-profit development community collaborated on the planning, disposition, design, site development, and funding of this complex development project.
- The local CAC was very proactive in identifying the community needs and desires conducting many open meetings with all stakeholders and many community residents.
- The City of Northampton negotiated with DCAMM and ultimately enacted legislation that specified what the city wanted to be done with the buildings and land, but did not ever actually purchase the property from the Commonwealth of Massachusetts.
- Initially DCAMM tried to sell the property directly through issuing a RFP, but got only one response from The Community Builders (TCB), Inc., a non-profit organization that built affordable houses
- TCB started out the development process but found that it was too big and complicated for them to handle.
- MassDevelopment (a quasi-public state organization) then stepped in to take over the planning and management process, partnering with TCB. MassDevelopment was essential as they brought leadership, money, technical engineering and construction expertise, and experience to the project.
- A comprehensive and detailed Master Plan was developed eventually getting the buy-in from all stakeholders.
- Legislation was written based on the revised CAC plan transferring the property to the Hospital Hill Development, LLC (HHD) with MassDevelopment as the managing partner of HHD.
- In December 2002, HHD acquired the site from the Division of Capital Asset Management and Maintenance (DCAMM) for just one dollar (\$1) and a grant of \$5.7 million for planning and contributing to demolition and clean-up.
- Extensive studies and analyses were conducted including appraisal of the value of the land and buildings, environmental studies, market studies and surveys, cost analyses, building engineering studies, and competitive architectural designs for homes and buildings.
- MassDevelopment is responsible for planning, permitting, remediation, demolition, design and construction of all infrastructure and commercial development.
- TCB is responsible for development and management of the affordable housing units.

The significant infrastructure and site preparation costs associated with this project preclude it being undertaken solely by the private sector. Market analyses showed that private sector investment was feasible, but only if the property was delivered in a developable, environmentally clean condition. Without the clean-up, the developers had no chance of getting a bank loan for the property because of the large up-front development costs. The budget below summarizes Sources and Uses of Funds.<sup>9</sup>

Sources of Funds	Amount (\$ Millions)	Uses of Funds	Amount (\$ Millions)
Land sales and fees	8.75	Planning and Permitting	1.9
DCAMM Grants	5.7	Architectural	0.2
Public Works Economic Development (PWED)	1.8	Demolition and Abatement	13.7
Community Development Action Grants (CDAG)	2.0	On-site Infrastructure	5.0
State Transportation Funds	2.0	Off-site Infrastructure	3.3
HUD Economic Development Initiatives (EDI)	0.4	Property Management and Maintenance	0.8
Economic Development Administration (EDA)	0.75	Soft Costs	2.9
State I-3 Appropriation	7.0	Brokerage	0.6
<b>Total Sources</b>	<b>28.4</b>	<b>Total Uses</b>	<b>28.4</b>

**Comments and recommendations from Beth Murphy, Project Manager, Village Hill at Northampton, MassDevelopment**

*It has been a very difficult and expensive process to redevelop the NSH. “You need to be very realistic on what you can actually do on the site and with the existing buildings,” commented Murphy. “For example, everyone wanted to keep the beautiful and gigantic Old Main Building. It was a very attractive and historically significant structure but after many engineering and architectural studies found to be impossible to convert into condos or apartments at a marketable price. It had to be torn down and the environmental hazards (mainly asbestos) abated at a total cost of \$7 million.”*

*“Development of a master plan that reflects the needs of the community but grounded in a good sense of reality of what can be built and is marketable is essential. MassDevelopment took the original high-level plan and revised it making it more specific and realistic.”*

*MassDevelopment has invested \$22 million into the project to this point, and Beth does not expect they will make any profit but probably lose at least \$3-4 million, even after receiving the land and buildings for nothing (\$1), and DCAMM contributing \$5.7 million for planning and contributing to demolition and clean-up.*

<sup>9</sup> These data are from Northampton State Hospital Project Summary, July 2008. Sources: <http://www.northamptonma.gov/documentcenter/view/1026>, and Meeting with Beth Murphy on 1/9/2014.

The following studies, reports, and documents were completed as part of the due diligence:

- *Phase I Environmental Assessment*
- *Existing Conditions Site Assessment Map with Topography*
- *Building Assessment of All Buildings (Structural, Environmental, and Historic)*
- *Independent Appraisal Giving Value of What Property is Worth*
- *Arborist Tree Survey*
- *Budget Covering all Costs and Sources of Funds*
- *Master Plan*
- *Environmental Plan (MEPA), Special Permit for Overall Site, and Individual Site Plans*

She said it took at least six months to develop the Master Plan and get the buy-in of all key stake-holders -- but this was an extremely important, interactive process. This is considered as just a conceptual plan and she stressed you need to be flexible and opportunistic as new unexpected possibilities arise (such as the Kollmorgen Building which took much of the industrial space.) It has taken another ten years to actually develop the site, and it is not yet completed.

Murphy remarked that it is very difficult to get Massachusetts historical tax credits when most of the buildings are being demolished. The Commonwealth responds, "How can this be a historical site for a few buildings if most of the buildings are being torn down?" Receiving Federal tax credits are tied to getting State tax credits. She was surprised and impressed that renovation of buildings at the former Foxborough State Hospital was able to receive both state and federal tax credits, while NSH could not get even the benefit of State tax credits.

**Paraphrased comments and recommendations from Pat Goggins, CAC Member and President of Local Realty Company**

The shut-down of NSH had a big impact on the community and created a large physical, psychological, and economic void. Fortunately, the city was able to turn this misfortune into a huge benefit for the community. The redevelopment has been a "grand slam" for Northampton because it has created outstanding pride within the city and economic benefits such as increased tax base, economic activity generated by new residents, saved jobs in the community, and stimulated investments in the town. A blighted area has become a fashionable village setting close to downtown Northampton (only ¼ mile walk or bike ride) with mixed-residential, commercial, retail, light industrial, municipal services, and lots of open space and agriculture. In the long term, the economic and social benefits to Northampton will greatly outweigh the costs of the development. However, in the short run the development has been a financial loss for the taxpayers of Massachusetts for a project that will mostly benefit only a local region.

He offered the following benchmarks for Northampton recognizing that Medfield was a different and more pricey area: Developable land is \$110,000/acre (compared to \$330,000/acre in Medfield,) raw (undeveloped) land is \$10,000/acre; affordable apartments at Village Hill are renting for: one BR \$1000/month, two BR \$1200/month, and three BR \$1400/month; new

single-family affordable homes (1500 – 1800 sf) are selling for \$300,000 - \$350,000; houses can go up to \$750,000.

Twenty homes sold on Ice Pond Drive redevelopment in the \$300 – 350 K range and currently are reselling for \$450 – 475 K. Community Builders was able to construct six affordable single-family homes by the best builders in the area for only \$169,000 – 179,000 on Ice Pond Drive. It was a challenge these high-end builders wanted to undertake, and they made additional profits by the procuring the jobs on the other houses in the designated sites. Additionally, the non-subsidized houses were sold by the realtor (Goggins Realty) at a base price, and customized add-ons such as granite kitchens, hard-wood floors, more amenities, farmers' porches, etc. were not included in the realtor's commission. The add-ons allowed the builders to make an overall profit on the housing; builders are typically looking to make 10 – 15% profit on new construction.

As Beth stated it is critical to have a good understanding of the costs, of what the market can afford, and the target market. Nothing will happen without this knowledge. A developer is going to find it impossible to get bank financing if the numbers don't check out as the underwriters will scrutinize the project and see all the risks and costs, and be unwilling to approve loans. Pat cited two examples of costs that might be overlooked: (1) building improved roads with infrastructure (water, sewer, electricity, gas, telephone, etc.) meeting the current "Stretch Building Codes" costs \$600 – 700 per linear foot -- one mile of roads would cost \$3-4 million; and (2) storm water management is a major and expensive issue that can cost \$50 – 60 K per lot, pointing to all the detention ponds in the Master Plan.

In conclusion: Don't expect that this one project will solve all the community needs. But it must be consistent with what the community needs. It is very important to have restrictions written into the legislation that the surrounding land will always be preserved for conservation and open-space as was done in the NSH legislation. (See legislative summary below.)



## **Appendix A. Summary of Legislation: Acts of 1994, Chapter 86. pp. 671 – 680. An Act Providing for the Disposition of Certain Property at Northampton State Hospital**

**Section 2.** Policy of Commonwealth of Massachusetts is to stimulate reuse of NSH, create jobs, and create new economic opportunities. Policy of the Commonwealth is to promote a mix of low income, affordable, and market-rate housing. Further, policy is to promote preservation of open space including land currently used for community gardens, land subject to agricultural preservation restrictions and conservation easements, land used for active and passive recreation, and protection of beauty and integrity of the Smith College Campus.

**Section 3.** Authorization to transfer or lease properties to developer or developers.

**Section 4.** Agreement between DCAMM and City of Northampton concerning reuse. Agreement includes zoning regulations, resurvey of site, and survey of hazardous materials. Provides for funding and allows composting of agricultural wastes on property.

**Section 7.** Establishes a citizens advisory committee (CAC) consisting of not more than 15 members, and designates the organizations to be represented.

**Section 11.** Amount of consideration for sales, lease, granting of easements, etc. is set by fair market value, based on three independent appraisals.

**Section 12.** Transfers 36 acres to DAR for permanent protection as agricultural land. DAR is to grant agricultural preservation restrictions and public right-of-way for foot trail for the purposes of hiking, winter sports, and nature study without disturbing crops.

**Section 13.** Conservation restriction and public right-of-way easements granted on specific parcels of land on central campus.

**Section 14.** Transfers approximately 5 acres to City of Northampton for community gardens and provides for underground utilities. Prevents any capital improvements on this land. Land may be designated as prime agricultural soil.

**Section 15.** Conveys certain properties to Northampton housing authority for providing state-aided affordable housing and housing for clients of the Department of Mental Health.



Morningside Single Family Homes  
Built by Wright Builders



Ice Pond Drive Affordable Homes  
Selling in \$350 – 375 Range



Original Male Attendants Building  
Being Considered for Renovation



Gate House Commercial Office Building with  
Original Columns from Main Entrance to NSH



33 Hilltop Affordable Apartments in Renovated Building by Community Builders



Original Coach House to be Renovated into Emergency Veterinarian Hospital and Residence on Second Floor



L-3 KEO (Kollmorgen) on South Campus – Employs 300 Workers Manufacturing Electro-Optical Equipment for Military



Hampshire County Jail and House of Corrections with PV Solar Cells on Roof