

# Northampton State Hospital Project Summary July 2008

## **Background**

Northampton State Hospital was a large state mental institution that closed down by stages between 1977 and 1993 as the policy of deinstitutionalization of the mentally ill was put in place. Most of the property has been declared surplus by the state government and has been designated a blighted area under HUD and Massachusetts criteria. The closing of the hospital created an opportunity to address the housing and economic development needs of the community. An ambitious reuse plan for the property was developed with the participation of public and private agencies, elected officials and the general public with multiple public interest goals – job creation, business development, tax base growth, affordable housing, open space preservation, and historic preservation.

## **Project Description**

The former Northampton State Hospital is being reclaimed from a blighted condition and transformed into the Village Hill at Northampton: a vibrant mixed-use community, compatible with surrounding neighborhoods, located close to downtown and public transit, and contributing to the growth of Northampton's commercial tax base and employment base. Redevelopment of the former State Hospital is one of the most important economic development, affordable housing, and smart growth initiatives in the history of the City.

This 126-acre site included 880,000 square feet of existing space in 47 buildings on the main campus. Approximately 680,000 square feet of deteriorated buildings have been demolished to make way for housing and commercial development. The redevelopment plan requires new access roadways and improvements to existing roadways and intersections serving the campus.

The project master plan includes 200,000-300,000 square feet of new and renovated commercial space, including office, retail and light industrial facilities. The project is expected to result in the creation or retention of 400 to 800 jobs and \$99 million in private investment. The plan includes 207 residential units, 50% of which are affordable. The mix of residential units includes rental apartments and townhouses, condominiums and single-family homes. 60-80 assisted living units will be developed. The site includes permanently preserved open space, walking trails and is linked via a bike path to downtown Northampton.

## **Public/Private Partnership**

The City, the Commonwealth, the federal government, and the non-profit development community have collaborated on the planning, disposition, design, site development and funding of this complex development project. MassDevelopment is the managing partner in Hospital Hill Development, LLC, (HHD) responsible for planning, permitting, remediation, demolition, design and construction of all infrastructure and commercial development. The Community Builders (TCB) is responsible for development of the affordable housing units. In December 2002, HHD acquired the site from the Division of Capital Asset Management (DCAM) for \$1.

The significant infrastructure and site preparation costs associated with this project preclude it being undertaken solely by the private sector. Market analysis shows that private sector investment in the site will be obtained, but only if the property can be delivered in a developable, environmentally clean condition. The Commonwealth of Massachusetts has granted \$12 million in funds toward demolition, site remediation, and planning costs. The City received a \$1.8 million PWED grant, a \$2 million CDAG grant, and transportation funds in the state budget. Thanks to the efforts of Congressman Richard Neal and Senator Edward Kennedy, \$1.6 million for roadway improvements was awarded in the Transportation Reauthorization bill that passed the Congress in 2005; the state supplemented these funds with an additional \$400,000. Also with the assistance of Congressman Neal and Senator Kennedy, the City received a \$200,000 Economic Development Initiatives (EDI) grant in federal Fiscal Year 2005 and in FY2008. The total redevelopment cost to prepare the site for development is \$27.7 million leaving a \$7.9 million funding gap that will need to be filled by land sales or other grants.

### **Source of funds**

Land sales/fees	\$ 7.95 MM
DCAM grants	\$ 5.7 MM
PWED	\$ 1.8 MM
CDAG	\$ 2.0 MM
SAFETEA/MassHighway	\$ 2.8 MM
HUD EDI	\$ 0.4 MM
EDA	\$ 0.75 MM (pending)
State appropriations	\$ 7.0 MM
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Total Sources	\$ 28.4 MM

### **Use of funds**

Planning/Permitting	\$ 1.9 MM
Architectural	\$ 0.2 MM
Demolition/Abatement	\$13.7 MM
On-site Infrastructure	\$ 5.0 MM
Off-site Infrastructure	\$ 3.3 MM
Property Management/Maintenance	\$ 0.8 MM
Soft Costs	\$ 2.9 MM
Brokerage	\$ 0.6 MM
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Total Uses	\$28.4 MM

### **Project Status**

The Master Plan for the project was approved by the Northampton State Hospital Citizen Advisory Committee in 1999. MEPA, special permit and the first phase of subdivision plans have been approved. Twenty-six units of single-family affordable homeownership units and 33 units of affordable apartments has been developed and occupied. The first industrial parcel was sold in December of 2007 and construction of a 20,000sf industrial building is underway. The master plan was revised for the south campus in May 2008 to accommodate a larger industrial user. The next phase of market rate and affordable housing began in the 2008 construction season.