

Rethinking Hospital Sites

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Throughout the United States, the disposition of state and federal land is a growing trend, creating significant opportunities for redevelopment and smart growth projects.

The sale of vacant and underused state hospital sites in Massachusetts is providing new opportunities for mixed-income housing development. On the site of the former Boston State Hospital is Olmsted Green, a sustainable housing development that is currently under construction; roughly half of the for-sale housing will be market rate. It is adjacent to the 65-acre (26-ha) Mass Audubon Boston Nature Center.

OBSOLETE TRANSPORTATION infrastructure, decommissioned military bases, state schools and hospitals closed due to demographic shifts, declining finances, and the advancement of educational and health care standards and practices have resulted in newly available parcels of prime land whose economic value is being leveraged by state agencies becoming savvy in the redevelopment of their assets.

State hospitals represented roughly 80 percent of the real estate disposed of by the commonwealth of Massachusetts between 2001 and 2006. Of the ten state hospitals exsessed since 2001, eight are currently in advanced planning or development stages, including affordable housing components totaling more than 2,600 new units. The sale of these hospital sites has provided more than \$40 million of revenue to the commonwealth, functioning to both leverage economic development and provide new opportunities for mixed-income housing development.

The sites—proximate to transportation infrastructure, or within a short driving distance of downtown—are often ideal candidates for smart growth. Varying from 30 to 500 acres (12 to 202 ha), several former hospital sites in Massachusetts became prime candidates for development, combining the preservation of open space and natural resources with the adaptive use of historic building types and new construction.

The active enterprising of state hospital sites is a relatively recent phenomenon. Since

1970, underused or defunct facilities lingered under state ownership. Until 2000, housing issues and NIMBYism (not-in-my-back-yard) tended to stop potential reuse of the hospitals, as local communities rejected the potential congestion associated with large-scale housing developments and voiced concerns over already stressed local school systems. Within the last decade, the residential real estate boom took hold of Massachusetts and spurred an inverse relationship between housing costs and land supply. The subsequent housing shortage spurred the commonwealth's creative management of real estate assets. While providing much-needed funds, the sale of these various properties put extensive land resources, plus, in some cases, existing facilities and infrastructure, back to use.

In Massachusetts, the Division of Capital Asset Management (DCAM) handles the disposition of most state properties. Each facility disposition is evaluated individually and requires individual acts of the legislature—the commonwealth has had to adjust its disposal protocol on a case-by-case basis.

On the site of the former Boston State Hospital, Olmsted Green is a 520-plus-unit sustainable housing development currently in construction on what was the largest piece of undeveloped land in Boston. Developed by the New Boston Fund in partnership with the Lena Park Community Development Corporation and master planned by Boston's ICON architecture, inc., Olmsted Green has a focus on sustainable site design and mixed-income, workforce housing, meeting a standard of LEED (Leadership in Energy and Environmental Design) Silver or better. The market-rate for-sale housing, representing about 50 percent of the housing on the site, will target middle-market households—a segment neglected in the luxury-driven new-construction market in Boston. Given the scale of this 42-acre (17-ha) property and the adjacent 65-acre (26-ha) Mass Audubon Boston Nature Center, the site design adopts a strategy that is neither urban nor suburban. Much of the site will be developed as townhouse condominiums and low-rise rental apartment buildings, at a density of over 20 units per acre (49 units per ha).

Olmsted Green is not far from the Longwood Medical and Academic Area, home to 21 health care, research, and educational in-





stitutions and serving as the largest employment area in the city of Boston outside of the downtown. As part of the overall smart growth strategy, shuttle service to both Longwood and the nearby Forest Hills rapid transit terminal is in the planning stages. The housing developers have also set aside 15 percent of the housing units for the Massachusetts Department of Mental Health, as required under the enabling legislation for the land disposition. Economic development opportunities are a fundamental aspect of the plan, with the establishment of an urban farm, a job training center, and a recreational facility.

While the majority of state hospital sites—like Boston State Hospital—were sold through a traditional developer request for proposal (RFP) process, sites in Foxborough and Lexington were sold on the auction block. In 2003, DCAM drafted legislation to accelerate the disposition of surplus state property. Known as Section 548, the legislation allowed DCAM to use the auction method of sale. Since it was enacted, revenue generated under Section 548 jumped from less than \$2 million a year to over \$15 million. Because of the certainty of the outcome and speed of closing (generally 60 days from auction), auctions drive up prices by attracting more qualified bidders than the traditional RFP method of disposition. In the case of the Foxborough State Hospital site in 2005, auctioning the property resulted in a sale price twice that of the bids offered up during a problematic RFP process.

Additional benefits of Section 548 included allocating proceeds to the commonwealth's general fund as well as toward the Smart Growth Housing Trust, which provides planning grants to communities to help offset

the impacts of adding new housing in their municipalities. Unfortunately, the legislature did not extend the sunset clause, and Section 548 expired on June 30, 2005.

Built during the 1880s, Foxborough State Hospital was shuttered in 1976 during a wave of facility closings as the commonwealth moved to deinstitutionalize the treatment of mental health patients. Portions of the 150-acre (60.7-ha) site had been transferred to the town of Foxborough over the past decade before its purchase in 2005 by Boston-based developer VinCo Properties, for \$5.17 million. Teamed with the Abrams Group—a development company focused on the redevelopment of functionally obsolete buildings into rental and for-sale housing—VinCo is developing Chestnut Green, a community that maintains the Queen Anne-style buildings and offers residential, commercial, and retail uses.

“The community will offer something for every age group,” says Vincent O’Neill, president of VinCo Properties. “We are creating an all-ages, 24/7 environment.” The retail portion of the project, set to include a Walgreens, a Ming Garden Restaurant, and Postal Center USA, is currently 78 percent leased. A total of 203 single-family homes and condominiums will define the site, including a 55-plus active adult community, 100,000 square feet (9,290 sq m) of office space, and 55,000 square feet (5,109 sq m) of retail. Chestnut Green is scheduled for completion in June 2009.

In 2003, DCAM entered into a land disposition agreement with developer AvalonBay Communities, Inc., for the redevelopment of the main campus portion of the former Metropolitan State Hospital. The site offered AvalonBay an opportunity to develop 387 units of lux-

The former Foxborough State Hospital site is being redeveloped as Chestnut Green, a community that maintains the Queen Anne-style buildings and will include single-family homes and condominiums, plus office/commercial and retail space.

ury apartments on a 23-acre (9.3-ha) parcel in Lexington. Consistent with the historic integrity of the site, the housing preserves a significant portion of the existing structures, maintains the original campuslike setting, and provides views of the surrounding area. Construction at Avalon at Lexington Hill began in spring 2006; the first residents moved in during the spring of 2007, and final completion of construction is anticipated to occur this summer.

In 1994, the Metropolitan State Hospital Reuse Plan was prepared as a collaborative effort of DCAM, the Metropolitan District Commission (MDC), the Department of Mental Health (DMH), and the Massachusetts communities of Belmont, Lexington, and Waltham—the site overlaps corners of all three towns. The reuse plan determined the program for housing, recreational use, and open space for each of these communities and is to be fulfilled by AvalonBay. Of the apartment units, 25 percent will be designated as affordable with a portion of those apartments set aside for clients of the Department of Mental Health.

The affordable apartments were made available in the same ratio of one-, two-, and three-bedroom units as occurs in the total development. Avalon at Lexington Hill includes an age-qualified component, and is surrounded by more than 250 acres (101 ha) of preserved land for open space and recreation.



A significant portion of the existing structures at the former Metropolitan State Hospital has been preserved and 387 apartment units, Avalon at Lexington Hills, have been developed on a 23-acre (9.3-ha) parcel; 25 percent will be designated as affordable, with a portion of those apartments set aside for clients of the Department of Mental Health.

The density of the new project is lower than that of the original use as a hospital.

While nearing the conclusion of construction, an ad hoc committee of representatives of the three towns met to work out a uniform set of guidelines for determining the criteria that govern the 70 percent “local preference” allowed, referring to the fixed percentage of units allocated to each town and awarded to its residents. The committee achieved a consensus from the three communities (Waltham, Belmont, and Lexington), resulting in a single set of rules.

Revitalizing public lands with uses that serve the public interest also means balancing civic visions and community access with private redevelopment needs and financial opportunities and constraints. Successful developments also require ad hoc reciprocity between local and state agencies, given that while state-owned facilities are not often subject to existing local zoning, private development does need local approvals. In many cases, committed state officials have created developer-friendly environments through mitigating community concerns, such as the overburdening of local schools. For the Met-

ropolitan State Hospital site, the commonwealth set aside \$750,000 in a trust fund to be made available to the towns’ education systems, offsetting the potential burden of an increased family demographic. In Danvers, also developed by AvalonBay, \$1 million was set aside in a similar education trust and \$500,000 promised for affordable housing, \$500,000 for historic preservation, and \$300,000 for the construction of an athletic field; \$3.1 million is to be deposited into an affordable housing trust fund that assists Department of Mental Health (DMH) clients. The development preserved 100,000 square feet (43 percent) of the original, historic Kirkbride building for residential reuse.

Today, Massachusetts’s use of creative financing combines private investment and public subsidy to benefit the commonwealth and the community with financial “participations.” The redevelopment of the Massachusetts Mental Health Center in Boston’s Longwood Medical Area, one of the nation’s first public psychiatric teaching hospitals, will provide DCAM with 15 percent of the sale price on units sold for more than \$500,000 at the mixed-use development, currently in the planning process.

The program includes a new \$20 million, 70,000-square-foot (6,503-sq-m) replacement facility for the Department of Mental Health built at no cost to the commonwealth, 60 market-rate and 60 affordable condominiums planned for construction, and more than 300,000 square feet (27,870 sq m) of medical

office space. The mixed-use project, to be developed by Brigham and Women’s Hospital, will maximize the financial return to the commonwealth for the 99-year leasehold interest in the site. Upon completion, the project will comprise about 600,000 square feet (55,741 sq m) and will have a total project cost exceeding \$200 million, with the city’s tax revenues estimated at more than \$3 million annually. Brigham estimates substantial completion in 2010.

Several changes to state law have significantly affected local zoning and finance, directing growth and development in communities in an informed and proactive manner. Developers and builders may also use these tools to advance their projects in appropriate circumstances, building on Chapter 40B, a state statute that enables local zoning boards of appeals to approve affordable housing developments under flexible rules if at least 20 to 25 percent of the units have long-term affordability restrictions. Also known as the Comprehensive Permit Law, Chapter 40B was enacted in 1969 to help address the shortage of affordable housing statewide by reducing unnecessary barriers created by local approval processes, local zoning, and other restrictions. In 2005, the Massachusetts legislature added Chapter 40S to the General Laws of Massachusetts. The title of the chapter is Smart Growth School Cost Reimbursement; it supplements Chapter 40R, Smart Growth Zoning and Housing Production, which took effect the previous year.

The purpose of Chapter 40S is to provide a mechanism by which municipalities can apply for additional state funds based on the number of public school students residing in new housing units built in a smart growth zoning district. Unlike the one-time payments provided by Chapter 40R, these funds would be available yearly. Under Chapter 40R, cities and towns receive \$3,000 per home and up to \$600,000 in a lump-sum payment for establishing special districts for dense residential development, in town centers, in downtowns, near transit where available, and/or on underused industrial land. Twenty percent of the new housing must be affordable in 40R developments. Two of the state hospital sites being redeveloped—in Boston and Northampton—are under consideration for this 40R funding.

In 2004, Massachusetts General Law Chapter 43D was signed into law. This program offers communities a tool for targeted economic development. The law allows cities and towns that opt into the program to target expedited permitting to those areas where they want to encourage economic development. It provides cities and towns with up to \$150,000 in direct technical assistance to implement 43D strategies. (The \$150,000 total is halfway between the \$200,000 cap approved in the Senate and the \$100,000 approved in the House.)

Key attributes of state hospital parcels often include previously landscaped grounds (in some cases in Massachusetts, the work of Frederic Law Olmsted and his successor firm),

important natural resources such as wetlands, and a sense of history conferred by architecture as well as the strong sense of ownership from the surrounding communities once benefiting from and contributing to the institution. This preexisting sense of place plays a large role in the redevelopment strategy, influencing which aspects of the site are preserved, reused, recycled, or demolished. Redevelopments that maintain some aspect of the existing structures or some acknowledged link to their former use fare better for their connectivity to the community and historic value.

Most hospital redevelopment favors a combination of uses—recreation, housing, civic, and commercial—and a variety of renters and

buyers are attracted by developments that offer an urban village environment. In the case of Massachusetts, the mixed-use, mixed-income redevelopment of underused and vacant state hospital sites is a successful strategy used to address the commonwealth's current housing needs, even within the current downturn in the housing market. **UL**

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