

Sunday, January 15, 2012

NH developer takes over Main South project

Aaron Nicodemus ON BUSINESS

Six months ago, the Junction Shops mill complex on Beacon Street in the Main South section of Worcester was to be redeveloped into 133 units of loft-style apartment buildings. A Florida company, Legacy Park Apartments LLC, had signed a purchase-and-sale agreement for the building complex at 64-79 Beacon St. The project was approved by the city's planning and zoning boards. It seemed full speed ahead on the \$34 million project.

But Legacy Park, which is a subsidiary of The Federated Companies — a much larger developer that had tackled similar projects throughout New England — pulled out of the purchase-and-sale after the approvals were signed in August.

That left the building's owner, Beacon Herman LLC, looking for a new buyer to develop the property, according to Beacon's Worcester lawyer Robert E. Longden Jr. Beacon Herman is a subsidiary of VTT Management Inc., a developer and property manager based in Framingham.

The former factory building at 64 Beacon St. has seen better days. It has been abandoned for a decade, and several sections appear unstable.

On the positive side, the complex contains one of the few remaining buildings of what was the Junction Shops Manufacturing District; they are considered the best remaining example of 19th-century industrial buildings in the city.

On Dec. 23, Beacon Herman sold the property for \$1.1 million to Brady Sullivan Properties, a Manchester, N.H.-based real estate development company that specializes in rehabilitating old mill buildings into apartments and condominiums.

“They'll be taking over the plans that have already been approved,” Mr. Longden said last week.

Shane Brady, chief executive officer at Brady Sullivan Properties, told me last week that that is not exactly the case. His company will ask the Planning Board to go back to the previously approved plans for the property from 2004.

Those call for an estimated \$26 million development to renovate and convert the mill into 185 market-rate apartment units.

“We're going to ask them to go back and approve the old plan,” Mr. Brady said. “We think we can make that plan work.”

Approved in 2004, the original plan for the Junction Shops called for saving most of the buildings, even the ones that are in a state of disrepair. Mr. Brady says his company specializes in turning mill buildings into apartments and condominiums, and that his company has

rehabilitated mills in as bad or worse shape than the Junction Shops.

The plan approved last year included the selective demolition of some parts of the complex, and that may still be necessary, although Mr. Brady said that all the needed demolition has been done. Parking, always a key consideration, has been dealt with by the demolition of several buildings across the street from the site.

Brady Sullivan Properties recently converted the Lancaster Mills building in Clinton into market-rate apartments. Mr. Brady said he began considering rehabilitating the Junction Shops complex during visits to his daughter, a student at Clark University.

“I've had my eye on that property for awhile,” he said.

Brady Sullivan Properties has also renovated and converted the Slater Cotton Mill in Pawtucket, R.I.; Grant Mill in Providence; and at least a dozen mills in New Hampshire.

“We're excited that a buyer of their experience is taking on this project,” said Joel J. Fontaine Jr., the city's director of planning and regulatory services. “They've done this kind of project before; they've got boots-on-the-ground experience.”

That Brady Sullivan wants to renovate the entire Junction Shops into apartments is good news for the buildings, which as recently as 2010 were near demolition.

In April 2010, Beacon Herman, frustrated by a lack of progress on its plans to renovate the mill complex, petitioned the city's Historical Commission to waive the city's one-year demolition delay, which would have allowed the company to knock it all down. Beacon Herman said the buildings had fallen into such a state of disrepair that their structural deficiencies made them impossible to renovate. The company wanted to build new multifamily housing on the site.

But the Historical Commission rejected the request for a waiver, saying Beacon Herman did not prove an undue economic hardship for having to wait a year. That decision likely saved the buildings, until a new developer came along who was willing to renovate instead of demolish.

Mr. Brady said the company plans to begin work this summer, and the project will take a year to 14 months to complete.