

# A lifeline for hospital redevelopers

## N.J. builders say they need incentives to revive shuttered or ailing care centers

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Some of New Jersey's decommissioned hospitals are being given second chances as repurposed medical complexes, but whether developers become willing to invest in dozens of others may hinge on whether lawmakers agree to provide incentive programs to get such projects off the ground.



The former Newcomb Hospital will be redeveloped as an assisted-living center under a plan by the Danza Group.

In Vineland, the Danza Group is converting the former Newcomb Hospital into a 108-unit assisted living facility, with a special unit for patients with Alzheimer's disease and dementia. Studies showed the need for such services in the region, President and CEO Tony Danza said, making the project economically viable where the former hospital has become obsolete.

The \$15 million facility will occupy six floors of the former hospital, leaving at least 100,000 square feet available for other uses, Danza said. The firm is now in discussions with private institutions in hopes of developing an educational center and other uses in the remaining space.

"Hospitals are challenging, yet they have the opportunity of being right in these neighborhoods," said Danza, who has a similar project in New York's Hudson Valley region. "The work force is there, all of the utilities are there. And historically they employed a lot of people and were the center of that community, so to bring them back has some benefit."

Another firm, Bloomfield-based Community Healthcare Associates, redeveloped the shuttered Barnert Hospital, in Paterson, into a multiservice medical complex in 2010; the company is now repositioning the former Kessler Memorial Hospital, in Hammonton, and Greenville Hospital, in Jersey City.

But developers have salvaged just a fraction of the state's ailing medical facilities. Twenty-six hospitals have closed here since 1992, according to the New Jersey Hospital Association, and several others have filed for bankruptcy in recent years.

With an economic recovery that continues to lag, advocates say government incentives are needed to attract developers. Randy Minniear, the hospital association's senior vice president for government relations and policy,

pointed to a program in Pennsylvania that leverages future tax income to generate upfront capital to developers.

But that idea has found less favor in New Jersey, he said, and the group has supported more recent bills that would provide tax credits for completed projects.

"You're starting to see a more nuanced approach to it ... and other ways to go about it," Minniear said. "We try to do what we can to assist the cause. Some of it's just not as politically viable as others, and that's where we kind of navigate."

Several measures have circulated through the Legislature since late last year. Most recently, a bill sponsored by Assemblyman Jerry Green (D-Plainfield) would give credits to firms that repurpose former hospitals as "health care and health services support center(s)." Sen. Robert Gordon (D-Fair Lawn), a onetime trustee at Barnert Hospital, also is developing a measure based on tax credits.

A previous bill sponsored by Gordon was merged with another measure, which was then never voted on by the Assembly, according to the Legislature's website. How any of the newer solutions will be received by the full Legislature is still unclear, but Gordon said he believes there will be support for a measure that touches on so many facilities across the Garden State.

"We're really pretty focused on job creation," Gordon said. "And as long as ... we're not giving away the store, in terms of tax credits, and there's a positive cost-benefit, I think it will be positively received by my colleagues on both sides of the aisle."

Jeffrey Moll, a principal with Community Healthcare Associates, said such programs would be key to reviving larger hospitals. The firm has been willing to invest in properties like Barnert and Kessler, which are 300,000 and 100,000 square feet, respectively. But for a much larger property — like Muhlenberg Regional Medical Center, in Plainfield, which closed as an acute-care facility in 2008 — "you really do need some tax incentives."

Moll also hopes there will be some degree of "evolution" in the business of repurposing hospitals, he said, in which the operators consider redevelopment before closing or going bankrupt. Going forward, CHA is looking toward hospitals willing to downsize their operations, then partner with the firm to redevelop excess space or land.

"It would be nice if you could intervene with some of these projects before the hospital gets to that point," Moll said, later adding: "There are several that are looking to do something, because they'd rather be proactive."

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